

# The NATIONAL UNDERWRITER

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## Don't Cast Agent In Fiduciary Role, AALU Amicus Brief Urges

In its amicus curiae appeal brief from the Knox-Anderson federal court decision holding an agent liable for certain statements and actions in a bank-loan sale, Assn. of Advanced Life Underwriters takes the position that the strict standards of fiduciary relationships which appear to have been applied by the trial court should not apply to the sale of life insurance.

Instead, AALU contends, the normal standards set forth in the law covering misrepresentation should be applicable.

The brief was prepared by J. Milton Cooper and Leonard L. Silverstein, AALU's counsel, who were joined in the preparation of the brief by Gerald H. Sherman. Filing of an amicus brief was undertaken not primarily as a defense of the agent, J. Leland Anderson, but to insure that the case does not result in added restrictions being put on the present method of selling financed life insurance. The first part of the brief explains the different types of life coverage and how financed life insurance works. Sections II and III, which develop the argument, are given below, except for footnotes.

THOSE ASPECTS OF APPELLANT'S CONDUCT THAT ARE PARTICULARLY RELEVANT TO SALES OF FINANCED LIFE INSURANCE FULLY SATISFY THE VIGOROUS STANDARDS OF THE LAW OF MISREPRESENTATION, WHICH STANDARDS ARE IDEALLY SUITED FOR GOVERNING THE TECHNIQUES OF SELLING SUCH INSURANCE

The occupation of life insurance selling typifies the prototype of American initiative and self-reliance. Historically, the man who is in business for himself has been the prime generating and regenerating force in our economy. Such a man is the life in-

surance agent. His entire livelihood depends upon the amount of insurance he can sell. His earnings are based upon a percentage of those sales. He must, on his own initiative, find prospective customers and convince these customers of the desirability of purchasing the insurance he proffers.

In view of this emphasis on sales volume, it would only be fair to require that an insurance agent be held accountable for his dealings within the normal standards of the law of misrepresentation. On the other hand, to hold an insurance agent to the standards of a fiduciary has not only been rejected many times by the courts

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## Management Wins At Convention Of Lutheran Brotherhood

MINNEAPOLIS—The pro-management group, headed by President Carl F. Granrud, won a decisive victory at the convention of Lutheran Brotherhood here. The present management will remain in control of the life insurance fraternal after a lengthy and highly publicized battle with a minority group which wanted to take over the company and get rid of Mr. Granrud.

Approximately 1,300 delegates from all parts of the country attended the convention. The pro-management group elected 10 of the 12 directors and defeated the move to increase the size of the board from 12 to 16 members.

For more than a month before the meeting, charges and countercharges appeared in the newspapers from both sides. The issue received a good deal of attention in Minnesota newspapers.

## Minimum Deposit Ills Found Curbed By Regulation 39

NEW YORK—Regulation 39, issued by the New York department to curb minimum deposit abuses and restrict the issuance of high early cash value policies, went into effect Nov. 1 and it appears to be having the desired results without interfering with policies the regulation was not designed to affect.

According to department sources, about 15 forms had been withdrawn or acceptably modified by the Nov. 1 deadline. Moreover, what is considered equally important, companies which previously felt they had no choice but to bring out similar policies now feel under no compulsion to do so.

One general agent of a company that has never issued the type of policy banned by the department has complained that the department's actuarial bureau standards, designed to clarify paragraphs 1, 3 and 5 of regulation 39, have the effect of lessening its force in respect to curbing the issuance of policies with "discriminatory" high early cash values. (The text of the standards appeared in THE NATIONAL UNDERWRITER of Oct. 17.)

However, here is an example of how the actuarial bureau standards have operated to de-emphasize minimum deposit business: One company formerly permitted the insured to borrow, on

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## Harding President Of Canadian Underwriters

H. Elroy Harding, North American Life of Toronto, was elected president of Canadian Home Office Life Underwriters Assn. at a meeting at Toronto. He succeeds Wallace R. Nelson, Prudential.

Margaret Agar, Manufacturers Life, was elected secretary.

## Ways Delineated For Management To Retain Manpower

### Mid-West Management Conference Features Nine Speakers' Specific Suggestions

With attendance of 321, down somewhat from the past two years, the annual Mid-West Management Conference spent Oct. 29-31 at French Lick, Ind., listening to a panel of nine speakers give specific suggestions for "Management for the Retention of Manpower and Business."

A last-minute substitution on the program was James E. Rutherford, vice-president Prudential in charge of the Chicago regional home office, who pinch-hit as luncheon speaker in place of Indiana Commissioner Alden C. Palmer, not yet sufficiently recovered from an auto crash in Illinois four weeks ago to make the trip to French Lick.

### Must Improve Recruiting, Retention

Kenneth Black Jr., professor of insurance, Georgia State College, opened the meeting with a talk on management for the retention of manpower and business through responsiveness to economic and social changes. He warned that there will be no significant rise in the number of people in the 25-40 age group in the near future. Inasmuch as this age group is generally considered the most fertile one for prospective agents, recruiting and retention will both have to be improved.

The business, Mr. Black charged, is paying below competitors for the same man and will have to start paying higher in order to get top-flight manpower. Bigger financing will call for a sharpening of selection techniques, and training and supervision must increase the probability of success.

### Must Improve Self

The final decision on selection must be made by the manager, he declared. It cannot be successfully relegated to an assistant. "You must recruit to your own agency, not by generalities. Agency improvement starts with the manager. To improve the agency, he must improve himself. The agency reflects you."

Earl C. Jordan, general agent Massachusetts Mutual, Chicago, declared that a concentration of humble abilities will accomplish more than spectacular programs. The agency head must be competent in four different roles, he said:

He must be a good business man. His job is not only to build the agency but also to build within reasonable cost limits. He must set up a budget and keep books. He must be economical but not penny-pinching.

He must be an organizer. He must be able to delegate work and back up his delegation with authority. He

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Officers and members of the executive committee of Life Advertisers Assn. for 1960: Front, left to right, Edwin P. Leader, Bankers Life of America, outgoing president; Stanley M. Wunsch, General American, treasurer; John L. Briggs, Southland Life, vice-

president; Robert S. Kieffer, Metropolitan Life, president; George H. Kelley, New York Life, secretary, and S. Alberta Stutsman, Massachusetts Mutual, editor. Back row: Kenneth K. Wunsch, Northwestern National; Robert B. Lancaster, Life of Virginia; Donald

E. Lynch, Mutual Benefit Life; Frank Culp, West Coast Life; Clarence E. Bishop, Protective Life; Robert A. Adams, Provident Mutual; William A. Neville, Great-West Life, and Robert L. Fontaine of Continental Assurance.

# Investment Benefit Of Life Insurance Competitive, Needs Publicity, LAA Told

Donald C. Slichter, president North-western Mutual Life, in his address before the annual convention of Life Advertisers Assn. in Chicago last week, stressed the investment aspect of life insurance and the importance of interesting the public in this feature. He pointed out that life insurance as a basic investment offers an attractive return, but it needs to have the opportunities in the economy that will continue to furnish incentive to the savers. Mr. Slichter's talk, in substance, follows:

**Have we over-emphasized the idea that we must give the buyer what he thinks he wants?**

You all know—even the uninitiated these days know—the extent to which giving the buyer what he wants has

become the foundation of modern merchandising. In our own business, as I think most of us might agree, an effort to convince us all that the wave of the future lay in one-stop or super-market insurance buying was based on the magnification of rather tenuous evidence that hordes of buyers wanted it that way. I am not for the moment questioning this touchstone as it relates to the sales of tangible goods. Others can, and do raise questions about the effect on our civilization of the lowest common denominator of desire for bigger, better or more colorful material things.

Let us admit, without evaluating, the effectiveness of this doctrine in all other fields, and ask ourselves what it means to us in life insurance. What

does the consumer want? You and I should know what he wants because we want it too. More than ever before in history probably he wants many things that are quite unimportant and reflect a passing and extravagant fancy. He wants large capital gains that in fact can only come taking speculative risks. In order to secure these things, he makes a minimum outlay for real family security and wants at the same time the easy conscience that should not go with doing it the easy way. Let us look at our record for a moment.

Our industry's over-all fundamental figures, upon first glance, appear impressive and quite satisfactory: Annual ordinary life purchases in the U.S. last

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## Hutchinson Named Lawrence Successor As Met Life V-P

Alexander Hutchinson, 2nd vice president, has been appointed to succeed



George P. Jenkins



A. Hutchinson

Reginald R. Lawrence on Jan. 1, as vice-president in charge of Metropolitan Life's field organization. Mr. Lawrence's retirement becomes effective at the end of the year.

At the same time, in an appointment that becomes effective at once, George P. Jenkins, 3rd vice-president, is named 2nd vice-president in Metropolitan's investment operation.

Mr. Hutchinson started with Metropolitan in 1933 as an agent at Poughkeepsie, N.Y. Following promotion through various positions, he was advanced to manager and for four years was in charge of the McKeesport, Pa. district office. He was appointed assistant vice-president in field management in 1952, and in 1955 became superintendent of agencies in charge of the southwestern territory.

His advancement to 2nd vice president in charge of field training activities came in 1958. Since February, he has been working with Mr. Lawrence in the over-all supervision of the field organization.

### Active In Agent Associations

He has been active in agent association activities and at one time was director and national committeeman of McKeesport Life Underwriters Assn. as well as regional vice-president of the Pennsylvania association. Mr. Hutchinson is a CLU.

Mr. Jenkins joined Metropolitan in 1938 and became a member of the company's administrative personnel in 1951. Later that same year he was appointed assistant vice-president and then advanced to 3rd vice-president in 1956.

### Variable Annuity Debate Slated For Boston Life & Trust Council, CLU Meet

Spokesmen for both sides of the variable annuity question will discuss the issue at a joint meeting of the Boston chapter of American Society of CLUs and Boston Life Insurance & Trust Council at the Harvard Club, Nov. 11. Speakers are Richard J. Congleton, general attorney of Prudential, and Milton A. Ellis, 3rd vice-president insurance and public relations, Metropolitan Life.

### New Ill. Company

Stock is now being sold in Finance Security Life of Moline, Ill., a new company headed by L. H. Engstrom. The current stock offering of 200,000 shares (par value 50 cents) is at \$24 a share. The company has an authorized capital and surplus of \$5 million. Mr. Engstrom has been in the life business in various capacities and in various cities.

## 76 Mutual Benefit Agents Qualify For First-Year Meeting

Seventy-six new agents of Mutual Benefit Life qualified for the annual meeting of the First-Year Leaders Club at the Hotel St. Moritz in New York and Mutual Benefit's home office in Newark.

Of the 76, five broke previous earnings records for first-year agents. Leading in earnings and also volume was Harry A. Freiberg, New Orleans. Other earnings leaders were Harmon L. Watkins, Dallas; Leo F. Sroka, Phoenix; Warren F. Foster Jr., Miami, and Donald C. Luce Jr., Newark.

H. Douglas Palmer, 2nd vice-president, who was meeting chairman, opened the business session and was followed by Charles G. Heitzberg, vice-president in charge of agencies, who officially welcomed the group.

### Round Table Discussion

In the first session, William F. McMurry, director of training, discussed "Prospecting in 1960," and was followed by a round table discussion on "You Incorporated," moderated by Robert H. Stevens, assistant director of agencies. In the afternoon another round table discussion on sales aids was led by Douglas W. Johnson, director of sales promotion.

Speaker in the morning was Harold M. Covert Jr., Philadelphia, who was a member of the initial first-year club in 1946.

H. Bruce Palmer, president, ended the business session by forecasting the club members' future in the life business as well as discussing their importance to the company.

### Five Qualifying Agents

At the banquet Thursday evening, Wilbur E. Hintz, 2nd vice-president and director of agencies, as toastmaster, introduced Charles L. Doane, general agent at Omaha, who had five qualifying first-year agents at the meeting. Mr. Doane was speaker for the evening.

In addition to the earnings awards, five runner-up awards for volume leadership were presented at the awards session of the banquet. They went to Harmon L. Watkins, Dallas; Howard J. Saks, New York; Donald C. Luce Jr., Newark; Warren F. Foster Jr., Miami, and Leo F. Sroka, Phoenix—all of whom paid for over \$1 million in their first year.

The lives leadership award was presented to Jacob C. Margolis, Char-

## Electronic Exhibit Tests 'Insurance Quotient'



An electronic exhibit of Insurance Information Office of Connecticut was seen by some 400,000 people at the Eastern States Exposition in the Connecticut Building at West Springfield, Mass. Pictured are Gov. Abraham Ribicoff of Connecticut, left, Mrs. Ribicoff and Francis T. Ahearn, manager of the information office.

The exhibit allowed members of the public to test their knowledge of insurance, at the same time answering many questions about insurance business that interest the public.

The exhibit will be shown for one week at the home offices of each of these companies: Aetna Life, Aetna Fire, Hartford Fire, Connecticut General, Phoenix of Hartford, Phoenix Mutual Life, and Travelers.

The exhibit was designed by public relations officers of Connecticut companies who form the advisory committee for the insurance information

lotte, and runner-up awards went to Richard G. Crane, Boston, and Richard F. Buckley, Omaha.

Diplomas were also awarded to all club members.

On Friday the club traveled to the home office where two award winners, Harry A. Freiberg Jr. and Donald C. Luce Jr., spoke. Their talks were followed by a discussion of selling techniques in tomorrow's market, moderated by Francis L. Merritt, director of career development.

Agents and their wives met with company officers at a luncheon where Mr. Heitzberg was speaker. After the luncheon, club members were taken on a tour of the building by Mildred F. Stone, staff assistant to the president.

office. Central feature of the exhibit is an invitation to the public to test their I.Q., "insurance quotient."

Through an electronic arrangement, a series of eight questions are flashed on the backboard of the exhibit. With each question the player is given a choice of three answers. In front of him are three buttons, one for each of the suggested answers. If he answers correctly, a green light flashes and a buzzer calls attention to the player's correctness. A red light flashes to indicate a wrong answer.

Between the green and red buttons, there is a computer which tallies the score up to a possible 100. Two players compete.

According to Mr. Ahearn, there was a crowd gathered almost constantly, eager to watch the operation of the machine and to participate.

At the eastern states exposition the exhibit was a three-panel affair with the electronic questioning in the center panel. At the left was a listing of Connecticut companies, including a cartoon display designed to answer "What Do They Do With All The Money?" The third panel contained a continuous run movie.

### Exhibit Portable

The exhibit is portable. The movie will not be used at the home office exhibitions, nor in other displays around the state but will be restored next fall for county fairs.

The machine can be adapted for special showings. It is expected that the exhibit will be entered at the largest home show in Connecticut. The questions will be changed to deal with personal and home property coverages.





JOSEPH L. MARION

## "Franklin really IS the next pasture..."

Marietta, Georgia  
September 29, 1959

Mr. F. J. Budinger, Executive Vice President  
Franklin Life Insurance Company  
Springfield, Illinois

Dear Bud:

When I read last month's ad in the insurance magazines, "This is the Next Pasture," I experienced a touch of nostalgia. You see, for a short time, some years ago, I tried the other side of the fence, made a modest living, and wondered if life insurance really offered the financial rewards a successful agent should expect.

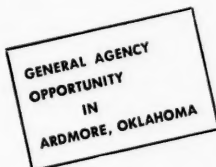
Fortunately I "took the bull by the horns," jumped the fence back into the Franklin pasture, and my "wallet anemia" vanished. As you know, I have received President Becker's personal assistance on several occasions in closing substantial sales. When I require special service from our Underwriting, Medical, and Actuarial Departments, I get it from the top with speed and efficiency, enabling me to devote my time to selling, with a minimum of delays and red tape. My Home Office associates are in reality working partners.

I am now a life and qualifying member of the MDRT. Over the past five years my cash earnings have averaged better than \$30,000 annually. In addition to playing golf twice a week, last year my wife, daughter and I spent six weeks in Europe; this year in the Pacific Northwest and Canada.

Believe me, Bud, you were right. This is the greatest business in the world, and thanks to Franklin Life, I am in the right pasture.

Cordially,  
Joseph L. Marion

*An agent cannot long travel at a faster gait than the company he represents!*



*The Friendly*  
**FRANKLIN LIFE INSURANCE COMPANY**

CHAS. E. BECKER, PRESIDENT      SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE 1884

*The largest legal reserve stock life insurance company in the U.S. devoted  
exclusively to the underwriting of Ordinary and Annuity plans  
Over Three and a Half Billion Dollars of Insurance in Force*



# Cites All Lines Selling Benefits To Customers, Companies, Agents

(This is the second half of the address by Robert A. Rennie, vice-president of Nationwide Mutual, at the I-Day in Newark, sponsored by New Jersey chapter of CPCU.)

Obviously, as the merger of life and property-casualty lines proceeds, and new policy forms are developed, the policyholder will have some uncertainties as to the extent of coverage under new contracts. However, court decisions will gradually clarify the major issues, and no serious rise in policyholder complaints or lawsuits relating to coverage is to be expected. On the contrary, new policies and packages will provide a much higher level of policyholder satisfaction, in Mr. Rennie's opinion.

The trend toward all lines insurance can reduce much existing duplication in claims payments, particularly in terms of medical care benefits. It is common knowledge that an injured person may often collect medical expenses in full from insurance as many as four, five, or even more

times. Duplication in benefits is a serious problem. It is raising the level of rates and producing bad insurance practices. To the extent that it channels insurance premiums excessively into specific coverages, it impedes the development of comprehensive protection. The merger of coverages should help to correct this situation, Mr. Rennie declared.

## Solution To Duplication

He pointed out that duplicate payments come from many sources—hospital, surgical group, Blue Cross-Blue Shield, auto medical payments, legal liability, and workmen's compensation. Where wives work, dependents often receive benefits under two group plans. Unfortunately, legal barriers often will block the road to reform. West Virginia prohibits by statute the inclusion of any policy provision that limits payment for hospital or medical expenses because of the existence of other coverage.

One solution to duplicate payments, he continued, is to have the issuing

company jointly agree as to the order in which each kind of policy would apply until the claimant is fully reimbursed. Beyond full reimbursement, the claimant would get nothing. This follows the practices already in use by property insurers. A major multiple-line group is now paying claims under auto medical payments coverage only in excess of other A&S coverage payments which apply.

A second problem arising from the merger movement involves the policyholder who carries most of his coverage with the same insurer, Mr. Rennie said. Some policies, like auto, require close underwriting and intermittent claims payments. Life policies, on the other hand, do not involve these issues in the same form. A dissatisfied auto policyholder may decide to cancel his entire insurance program.

## Consolidation Benefits

Mr. Rennie does not think such problems are serious. The all lines development will further reduce them. The total risk can be written on an account basis, and regarded from an over-all viewpoint rather than simply as an auto, an A&S or life risk. On this basis, underwriting problems tend to compensate each other. A young man may be a questionable auto risk, but an excellent life and A&S risk. An older man may be a doubtful A&S risk, but a superior auto risk, etc. Finally, it is hoped that the merit-demerit auto rating plans will reduce auto policy cancellations to a minimum. The trend toward merger of lines will help policyholders because it will permit insurers to view insurance needs as a whole. Up to this point, they have been preoccupied with getting at least a minimum amount of insurance to as many people as possible. They have done a good job. But from now on, their basic task is to fill in the gaps in that protection, Mr. Rennie observed.

He said that according to "purists," insurance is a method of substituting a small known expenditure for a large unknown loss which insured cannot cover with his own resources without suffering undue hardship. These purists point out that on many conventional coverages, insurers are simply trading dollars with insured. These coverages waste the energy and the resources of insurers on the first dollar of coverage which the policyholder could carry far more economically himself. In this situation, the introduction of a deductible would put an end to claims whose value to the policyholder is disproportionate to the administrative cost of paying them.

## Other Considerations

Mr. Rennie agrees with this viewpoint. Insurers have an obligation to encourage and to educate policyholders to serve their own interests. For example, by providing sufficiently high limits, the major medical coverage will do a better job than the conventional form of A&S in protecting people against the financial holocaust of prolonged illness.

Insurers must be careful not to assume that they know all the answers, however, he went on. Major medical provides no way for insurers to encourage preventive medicine by paying for periodic examinations. Also, the job of keeping medical care

costs under control will require new programs and more intensive study by insurers. Major medical has tended to aggravate this problem. Medical care is a flexible concept that tends to expand to the limits of available facilities and ability to pay. Some curbs will have to be set on utilization as well as compensation scales.

It must also be remembered that convenience is playing an increasingly important part in the lives of policyholders. Many are willing to pay a stiff premium for the budgeting function performed by insurers in paying for unforeseen losses. This was brought out sharply in one of Nationwide surveys. The company asked policyholders which of the health coverages they would buy first if they could afford it, and if they had no A&S. First preferences indicated were hospital and surgical expense, 62.8%; disability income, 25.7%; major medical expense (bills over \$300, for example 3.5%; uncertain, 8%.

## Research Findings

Nationwide got direct evidence of policyholder attitudes toward deductibles in another survey. Asked whether they would favor reducing the fire rates by accepting a \$50 deductible on losses caused by wind and hail, 54% said no; 19% yes, and 27% were uncertain.

From this evidence Mr. Rennie concludes that insurers have an obligation to make sure that the limits of policies are adequate to take care of virtually every insurable contingency that might arise. They must also perform a budgeting function so long as the administrative costs of claim handling do not become prohibitive relative to the benefits.

Through research, Nationwide tried to find out whether policyholders would rather deal with an agent specializing in one or two lines or with the all lines agent. One survey was conducted among a sample of policyholders in the Columbus, O., region and another among members of Nationwide's advisory committee of policyholders. Among the rank and file policyholders in the Columbus area less than one in four preferred to deal with agents who specialized, one three preferred to deal with the lines agent, and 44% had no preference. Among the advisory committee members—presumably persons who know more about insurance coverage—those who had no preference dropped to 23%, whereas those who preferred all lines agents rose to 46%.

Obviously, there is no great policyholder preference for the all lines agent. (CONTINUED ON PAGE 26)



## National Fidelity Life PRESENTS ITS NEW EMBLEM

Since the beginning, over 44 years ago, the people of N.F.L. have wholeheartedly pledged themselves to these lasting values: strength, character, and faithful devotion to service. Constant fulfillment of this pledge has been the inspiration for its past development and the motivation for its ever-continuing growth. So it is fitting that this triad should remain an integral part of our new emblem.

Inscribed on a perfect triangle, and later superimposed on a shield, symbol of protection, these qualities have been the focal point of our emblem throughout its evolution. They are now personified by the knight—traditional symbol of strength, character and service in the highest order.

It seems especially appropriate that this human figure is included, for it serves as a reminder that it is the dedicated people of NFL who have made our emblem meaningful to others: the symbol of good insurance with a good company; the mark of a strong, secure but warm and friendly institution.

Presented during an era of accelerated expansion, this emblem also announces new opportunities for Direct Brokers, General Agents or Salaried Supervisors. Write: Vice President Kemp W. Wood, Dept. NU-119.



National Fidelity Life INSURANCE COMPANY • KANSAS CITY 6, MO.  
W. Ralph Jones, President

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*"So what's six more? I'll be saving more money than ever  
with my Provident Mutual family policy."*

A family may grow like six-ty . . . but with Provident Mutual's family life insurance, the premium stays the same!

This single policy covers father and mother *plus* any number of insurable children from age 15 days to their 18th birthday. It's solid, guaranteed secur-

ity against any break in the family circle. Disability and premium reduction features add still more buy-appeal.

Here's a policy that's really going places. Brokers, and agents of companies without this policy, will be wise to get full details.

## Provident Mutual

Life Insurance Company of Philadelphia

## Sees Many Pitfalls In One-Stop Sales Concept; Life Would Suffer

The possibility of conducting life business in conjunction with property-casualty lines may be viewed from three standpoints, Charles Andolsek, vice-president of Equitable Society, declared in a talk at the I-Day sponsored by New Jersey chapter of CPCU in Newark.

A property-casualty company may acquire a life company. A multiple line company may operate a life line. A life company may add general lines. Mr. Andolsek discussed the latter possibility with emphasis on the question of whether a company such as Equitable should add property-casualty

lines to the coverages it now offers. He stressed that his views were personal.

The company's agents are urged to devote their time exclusively to the sale of Equitable coverages. Equitable does not actively cultivate brokerage business for ordinary life, although it accepts brokerage business for group covers. It is the company's impression that its agents generally have little interest in property insurance. In the group and ordinary field, the company offers many lines of personal insurance to individual or group purchasers.

There has, however, been little evidence of public demand for one-stop insurance service, Mr. Andolsek observed.

### Recruiting Problem

It seems obvious that if Equitable present agency force was to do a successful property-casualty business with consequent greater demands upon the agents' time, the life business would almost surely suffer severely unless the company was able to expand the agency plant substantially. Such expansion would have to come largely from the ranks of general line agents, most of whom are with established real estate or brokerage firms. It is a matter of judgment to whether Equitable would be successful in recruiting enough additional full time agents to maintain its present life production and continuing growth, Mr. Andolsek declared.

With regard to the problem of acquisition of a satisfactory volume of general lines business by Equitable agents, he commented that life insurance has to be "sold" whereas property-casualty lines are "bought" because the buyer believes he must have them. If this assumption is correct, then it would appear that there would be a restricted "new market" for this business, and that most of the volume that Equitable would acquire would be taken away from property-casualty insurers. It would be many years before Equitable would acquire a satisfactory volume of business, Mr. Andolsek observed.

An agent might succeed in acquiring a good general lines volume, continued. But in his view there is definite limit to the number of property-casualty accounts that an agent can handle, since the demands of service are much greater than in the life field. The general lines business would act as a "governor" on the business of the agent. As his general lines clients increased, his new business would inevitably decrease and ultimately reach a point near zero.

### Claims, Underwriting Problems

Claims in automobile, fire and other lines are relatively frequent. If Equitable agent sold a client the complete line, including life, and a claim arose under one of the property-casualty lines, the client would look primarily to his agent for satisfactory disposition of the claim. Dissatisfaction with the claim settlement would inevitably raise the threat of transfer of the entire line to another agent or company. Another aspect of this situation would be the constant pressures brought to bear on the claims department for settlement more liberal than justified by the facts. The larger the individual property-casualty account, the greater the pressures would be, Mr. Andolsek declared.

The underwriting of life in connection with general lines—as compared in the "one stop" sale—presents further problems, he went on. If the applicant was a substantial life risk and had to pay an extra premium, this might jeopardize the sale of the general lines. The appeals pressures on life underwriters could become a real problem.

The method by which general lines are put into effect differs quite radically from that of life practices. Life policy requires two "conditions precedent" before it becomes effective: Payment of the first premium and good health of the applicant. This is not unusual for certain of the

(CONTINUED ON PAGE 30)

Fine prospects see this in **TIME** and **Newsweek**

But  
businessmen  
are not alike...

You don't have exactly the same goals and problems as any other businessman. For example, retaining the control and maintaining the value of your business after the loss of an owner, a principal or a key executive will require special plans for your situation.

Will a forced sale at a sacrifice be required to pay estate taxes? Will the business be "milked" to pay dividends to heirs inactive in the business? Perhaps untrained heirs will come into control and jeopardize the profits. Or will the business fail to provide essential income for your family?

Every corporation, partnership and proprietorship, large or small, is an individual situation. That's why Connecticut Mutual Life has a special business insurance department to help solve such problems . . . and offers hundreds of combinations of policies and payment methods. The CML man near you can tailor a plan *exactly suited to your firm's needs*—a plan with built-in *guaranteed flexibility* that can be changed as your business picture changes.

To guarantee the control and value of your business, call on your CML man's specialized business insurance service.

### Strength • Service • Flexibility

Connecticut Mutual Life, in business 113 years, has offices from coast to coast. It is owned by its policyholders who enjoy substantial annual dividends, and is noted for its high income to beneficiaries and flexible policy contracts. CML is a good company for you.

**Connecticut Mutual Life**  
INSURANCE COMPANY • HARTFORD



Hundreds of thousands of America's best prospects for business life insurance read this advertisement, which appeared in full color. Among them are some of your prospects who have a better understanding of the value of life insurance in business because they read this message.



# 5 Policies in 1 interview, thanks to The Travelers Premium Budget Plan,"

... ROBERT J. SALISBURY,  
Roslyn Heights, N.Y.

"I'm really enthusiastic about The Travelers Premium Budget Plan," says Agent Bob Salisbury. "My prospects are, too, for there's tremendous appeal in this new plan that lets them wrap up all their personal or business insurance in a single program and pay for it by the month with a single check.

"My first Premium Budget Plan interview was with a young couple who had just moved into a new home. Here are the results: Automobile coverage, Home-owners policy, Mortgage Redemption, a Family Life Insurance policy, and Accident Insurance . . . all possible because premiums could be put on a pay-by-the-month basis."

MR. SALISBURY found out how effectively The Travelers Premium Budget Plan can help build premium volume. This new method of merchandising and financing all the personal and business lines of insurance also cuts red tape and helps meet competition on all fronts. And it will save you expense dollars in the operation of your office. Find out what The Travelers Premium Budget Plan offers you by writing our Manager in the branch office nearest you.



**THE TRAVELERS**  
Insurance Companies

HARTFORD 15, CONNECTICUT



# LAA Excellence Awards Given To 56 Companies

Life Advertisers Assn. members submitted 438 entries from 104 companies for display and judging at the annual meeting in Chicago last week. Judges representing advertising art and copy, public relations, direct mail, home office personnel, and insurance field representatives evaluated the displays and honored 56 companies with awards of excellence.

Awards were made in 15 classifications. The classes and winners in each were:

## MATERIAL TO MOTIVATE AGENTS

Bankers Life  
Lincoln National Life  
Loyal Protective Life  
Massachusetts Mutual Life  
Metropolitan Life  
National Life  
New York Life  
Occidental of North Carolina  
Paul Revere Life  
Security Mutual  
Washington National

## SALES AIDS

Commonwealth Life  
Continental Assurance

Equitable Society  
Jefferson Standard  
Metropolitan  
National Life  
Pacific Fidelity Life  
Provident Life & Accident  
Security Mutual  
State Mutual  
Travelers  
Union Mutual

## PRESTIGE AND GOOD-WILL BUILDERS

Indianapolis Life  
Life of Virginia  
Northwestern Mutual Life  
Northwestern National Life  
Sun, Baltimore  
Travelers

## RECRUITING MATERIAL

Bankers Life of Nebraska  
Occidental Life of California  
Pacific Fidelity Life

## DIRECT MAIL

Great-West Life  
Life of Georgia

## ANNUAL REPORTS AND POLICYHOLDER MATERIAL

Connecticut Mutual  
Equitable Society  
General American Life  
Jefferson Standard  
Mutual of New York  
Mutual Service Life

New England  
Penn Mutual  
Pilot Life  
State Mutual  
Union Labor Life

## BROKERAGE MATERIAL

Columbian National  
Manufacturers Life

## COMPANY FIELD MAGAZINES OR NEWSPAPERS ADDRESSED TO AGENTS

Connecticut Mutual  
Federal Life  
Liberty Life  
National Life of Canada  
New York Life  
Pacific Mutual Life  
Penn Mutual  
Provident Life & Accident  
Provident Mutual  
Travelers  
Woodmen Accident & Life

## EMPLOYEE RELATIONS

Connecticut General  
Massachusetts Mutual  
Washington National

## NATIONAL PRINTED ADVERTISING

Bankers Life of Nebraska  
John Hancock  
Metropolitan Life  
Mutual Benefit Life  
Occidental Life of California  
Travelers

## LOCAL OR REGIONAL PRINTED ADVERTISING

Jefferson Standard  
Prudential  
Shenandoah Life  
Standard Life of the South  
Washington National

## INSURANCE JOURNAL ADVERTISING

General American Life  
Industrial Life  
Penn Mutual  
State Mutual

## PUBLIC RELATIONS

Bankers Life of Nebraska  
Golden State Mutual Life  
Home Life, New York  
Lincoln National Life  
New York Life

## GROUP COVERAGE

Bankers Life of Nebraska  
Confederation Life  
Connecticut General  
Massachusetts Mutual  
New York Life  
Provident Life & Accident

## PERSONAL A&S

Great-West Life  
Life of North America  
Paul Revere Life  
Provident Life & Accident

## General American Reduces Women's Rates Up To 15%

Premium reductions up to 15% for women have been made by General American Life on its two leading basic policies—Econolife and Economaster. The reductions amount to a year age setback and are in recognition of lower mortality on women.

Econolife is an ordinary life policy issued in amounts from \$5,000 to \$15,000. Economaster is endowment 90, and is available in amounts from \$15,000 up. Both are available with or without return of premiums, and the reduced premium rate applies whether or not the return feature is selected.

The company has issued a special new rate book containing premium and values for women's coverage under the new setup.

## Heads Hancock GAs Group

Edward E. Beason, Birmingham, Ala., was elected president of John Hancock's General Agents Assn. at annual meeting in Hershey, Pa.

Other officers elected were William Hoyer, Columbus, O., 1st vice-president; William Grace, New Orleans, 2nd vice-president; Harold Pratt, New York, treasurer, and Ray J. Haver, Los Angeles, secretary.

Directors elected were George Planck, Cleveland; Starkey Duncan, Nashville; Fred Haskins, Des Moines; Hiram Hays, New Haven, and James Thropp, Honolulu.

## Bankers National Life Paid-For Ordinary Gains 98% In September

Bankers National Life's paid-for ordinary business in September showed an increase of 98%, and for the first three quarters totaled \$41,292,437, a 33% increase. Total new business, including group, during the nine months was \$79,039,596, up \$25,018,206.

## LIFE

### A & H OPENINGS \$25,000 - \$6,500

M. West	Actuary-Consulting Firm	\$25,000
M. West	Life Agcy. Director	\$18,000
N. West	Life Company Gen. Mgr.	\$16,000
South	Life Supv. (no trav.)	\$10,000
M. West	Life Underwriter	\$9,000
East	Group Credit Admin.	\$8,000
N. West	Group Representative	\$8,000
M. West	Group Underwriter	\$6,500

These listings typical of Life-A & H-Firm Casualty positions in all sections of country. Confidential handling of all inquiries. Write for "HOW WE OPERATE"—no obligation to register.

## FERGASON PERSONNEL

INSURANCE PERSONNEL EXCLUSIVELY  
Harrison 7-9040  
330 S. Wells St. Chicago 6, Ill.

# CONGRATULATIONS . . .

Our sincere congratulations to the petroleum industry on its centennial anniversary.

Without oil and gasoline, our Field Men would still be getting around with horses and buggies, . . . and with more than 8½ million policies in force, that would take a lot of horses and buggies!



THE  
NATIONAL LIFE  
AND ACCIDENT  
INSURANCE COMPANY  
HOME OFFICE - NASHVILLE, TENNESSEE



ADVERTISING

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## Travelers Health Brief: McCarran Act Bars Any FTC Control Over Insurance

Travelers Health, in its brief filed this week with the Supreme Court, urged that the high court uphold an eighth circuit court decision that the Federal Trade Commission is barred under the McCarran act from regulating Travelers Health's direct mail advertising, at the same time noting that it was the act's intention to restore the status quo in insurance regulation as it existed prior to the Supreme Court decision in the Southeastern Underwriters case.

The brief said it was the objective of the act to withdraw from FTC control all jurisdiction to regulate any segment of the insurance business, without exception.

### Regulation Free From Limitation

Travelers Health asserted, "The regulation and taxation of all of the insurance business was to remain free from limitation inhering in the commerce power of Congress and in constitutional due process limitations; neither of which limited state regulation prior to Southeastern."

The Supreme Court is expected to hear arguments in the FTC-Travelers case sometime during the current term. Since the McCarran act was passed, the brief said, the courts have repeatedly considered the question of federal jurisdiction over insurance in the light of the commerce clause and due process provisions of the Constitution and have consistently upheld state regulation.

Cited in the brief were a number of these decisions, including the Supreme Court's ruling in the National Casualty-American Hospital & Life case, which upheld lower court dismissals of FTC cease and desist orders against certain types of advertising.

FTC contends that the Supreme Court in this decision reserved the question of whether the states cannot for constitutional reasons regulate

such practices as mail order insurance advertising within the concept of the McCarran act.

The Travelers Health brief, on the other hand, said no reservation exists since no regulatory vacuum exists.

The brief warned, "If this court even partly opens the gate for federal regulation, utter confusion in insurance regulation will prevail. State and federal authority will be in endless conflict."

Travelers Health also argued, "If Congress desires to amend the McCarran act and partly opens the regu-

latory gate, it can do so, and, after hearings and mature consideration, define the exceptions in specific terms."

The brief also noted that Nebraska, Travelers Health's state of domicile, has the power to regulate the activities of its licensed companies, including direct mail insurers, everywhere, not only within its borders, and that this has been done ever since the company was organized in 1904.

FTC has argued that the Nebraska department's control does not extend beyond state borders.

**OHIO  
is this  
year!**

Soon we will be making  
agency appointments in Ohio...

**\*American Health Insurance**, like its present agencies, is growing on a planned progression program. In 13 other states it has built outstanding agencies—Ohio is next—and as elsewhere, we expect to do a good job and a big one.

**Do you belong in our picture?** Your most valuable asset—to yourself and to us—is your local reputation. We know, from our background of 20 years of sound, specialized experience, that people like best to do business with a home town business man. To be an American Health Agent you must fill that bill—with enthusiasm, integrity and diligence.

**The company and agent who specialize** in personal and family insurance serve the public best. By specializing, the company can give its policy owners better value, better coverage, better service. As a specialist, the agent can develop his professional skill, with sufficient time devoted to administering service. American Health seeks substantial volume at a limited, carefully selected number of points—where local service can be provided thru local agents who serve the company faithfully and the public honorably. Only under these conditions is the cost of good local service justified.

**If you desire a professional career in business for yourself**, this is a unique opportunity. With thorough training, with full company support, and with personal application you can give the amount and quality of service to find a successful and profitable career. Your career will be based on satisfied policy holders.

**\*American Health sets a pattern**—in designing its coverages, in establishing its rates, in its underwriting methods—that permits the local

Managing Agent (who is the company in his territory) to pay claims on the spot promptly and without red tape. Any informed agent is fully aware of the importance of prompt claim payments to the growth of his business.

**If you are the kind of agent we are seeking**, you'll be delighted to find that American Health is your kind of company. You'll want to learn more about the very special opportunity we have to offer now . . . in Ohio.

**"Where there's a will there's a way."** Write for our booklets, "The American Health Story" and "Automatic Progression Program." A sound, secure, profitable career is available to the man who has the will . . . for here is a way. Write direct to Agency Department, AMERICAN HEALTH INSURANCE CORPORATION, 300 St. Paul Place, Baltimore 2, Md.

**Our representative will be in Ohio in the weeks ahead.** Inquire promptly so that you may be included in his plans.

*\*A specialist insurer with a reputation for integrity.*



*It makes sense to expect special results from a specialist in the field*

## TWO NEW LOW-COST SYSTEMS IBM 1401 CARD... IBM 1401 TAPE

with stored program  
speed and ability

Never before has so much powerful data processing ability been built into such low-cost systems! For in these two new IBM 1401 Systems you get features previously found only in the larger data processing systems. With 1401 Systems fewer machine units do *more* jobs . . . at *higher* speeds . . . with *greater* accuracy and reliability . . . at *lower* job cost.

To assure you of more production per data processing dollar, IBM's concept of Balanced Data Processing gives you compatible input, processing and output speeds, backed by unequalled customer service. Drawing on all the experience gained in developing the world's largest and fastest computers, these low-cost 1401 Systems bring you these large computer features:

**Solid State Design**—and transistorized throughout to give you a compact system with greater accuracy and reliability. This powerful system involves no special construction . . . no air conditioning.

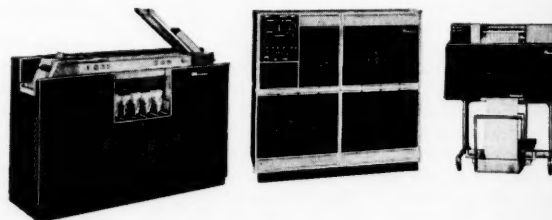
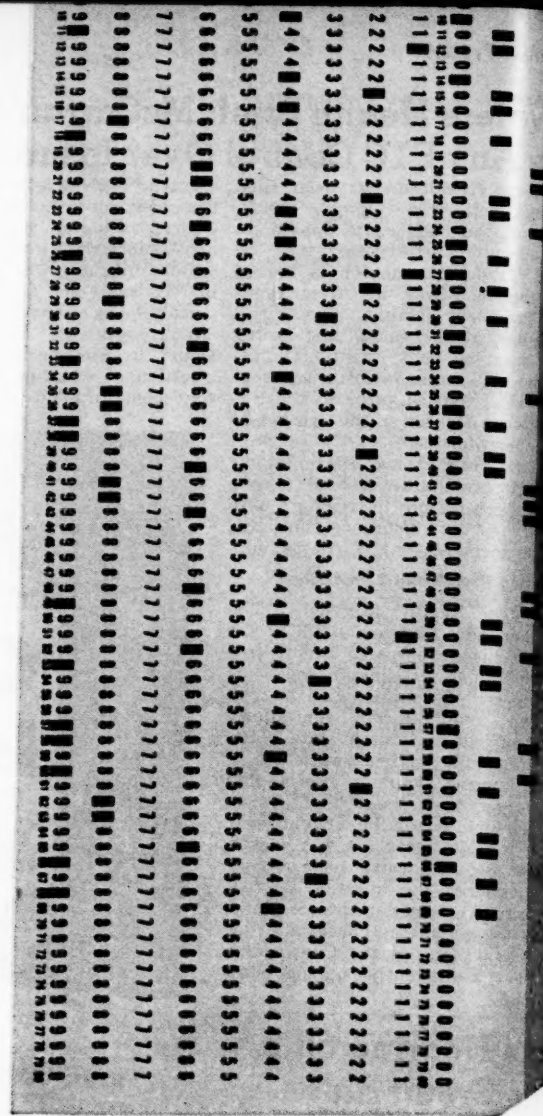
**Stored Program**—gives you the fully automatic processing of electronic systems. It is the key to simplified, economical operation. Completely flexible, a stored program permits you to switch easily from one type of job to another.

**Magnetic Core Storage**—the most powerful type storage available. To increase this power even further, the core memory of the 1401 accepts variable-length data and instructions, to permit the storage of only useful information. Choice of 1400, 2000, or 4000 positions of storage means you select the size storage to suit your needs.

**High-Speed Printing**—these 1401 systems feature an exclusive new concept of printing. A horizontally rotating chain prints high-quality, perfectly aligned copy. A dual-speed carriage permits printing at the rate of 600 lines a minute, skipping blank paper at 27,000 lines per minute to produce more documents per dollar. Completely flexible editing and print format is provided by the central processor.

*Your local IBM representative will explain the many applications and unusual features of the new 1401 Systems. Call him today. These systems, like all IBM data processing systems, may be purchased or leased.*

**BALANCED DATA PROCESSING**



## 1401 CARD SYSTEMS

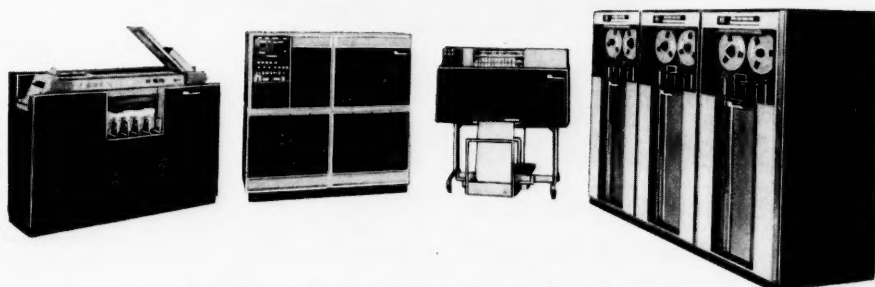
These stored program systems now bring the power of electronics to IBM card systems. They automatically handle the work of accounting machine, summary punch, and calculator, but at far greater speed, and with more flexibility and accuracy.

Input is faster—IBM cards are read into the system at the rate of 800 per minute. Data is processed automatically under stored-program control. Manual card handling is minimized.

Output is faster—documents are printed at the rate of 600 lines per minute, cards punched at 250 per minute. The system will turn out, for example, as many as 230 checks in one minute—again, more documents per dollar through Balanced Data Processing!

Thru-put is faster—data flow is automatically checked for accuracy and speeded all along the line. A unique Card Read-Punch combines card input, output, and summary punching functions. Five radial stackers accept cards that are selectively separated under stored program control.





## 1401 TAPE SYSTEMS

IBM 1401 Tape Systems give you added power through use of up to six magnetic tape units. These units feed data into the system at the rate of up to 62,500 characters per second . . . record processed results at this same peak speed.

1401 Tape Systems are also extremely valuable as off-line auxiliaries to large data processing systems. They can edit tapes prepared for larger IBM systems. They make possible a tape-oriented IBM 7070 configuration that provides higher speed input and output and makes for job cost improvement.

When tape units are added to 1401 Systems, you get greater flexibility and storage advantages, too. IBM tapes provide extremely compact storage of variable-length records—the equivalent of 129,000 IBM cards on a single reel. Tape records can be of variable length, and are read into and out of the system automatically. Also, tapes can be erased and re-used to minimize your record-keeping costs.

## St. Louis Sales Congress Has Pointers For General Practitioner, Specialist

Profit-making ideas for agents with generalized, specialized, or combined talents were presented at the St. Louis sales congress sponsored by Missouri Assn. of Life Underwriters.

"Some of you may believe that you must specialize to be successful in life selling. I do not," declared Huston R. Hall, Metropolitan Life, Oklahoma City.

"In the medical profession there is far more need for the general practi-

tioner than the specialist. The same, I believe, is true in our business. While a specialist may take care of 3% of the population, 97% need my services. I specialize only in service, and with that as my specialty, and with a bedside manner filled with ambition, desire and good will, I have built a successful practice. With those requisites as a basic part of his practice, I believe any man can succeed."

Mr. Hall said that agents must accept the time-tested sales tools provided by their companies, because these proved procedures have been tested by men who are "much smarter than you or I." He then emphasized his basic philosophy—professional service to clients and potential clients—adding that the only reason he exists is to serve his fellow man and that a price tag must not be placed on service. "When you give real service, sales follow as the need exists," he declared.

He said he sets two goals: volume

and premiums. "If you want to write a million dollars set your goal for a million dollars. Then break it down to \$90,000 per month, \$20,000 per week and \$5,000 per day. If you will do this it becomes more real each day, and you obligate yourself to do it," he said.

Mr. Hall said he uses package selling to cover various needs such as education, mortgage, emergency and retirement funds. He said he sells a good volume of term but believes it is good only if sold on a firm commitment of future conversion. "This is the only way it will be of real value to my clients, who are generally business and professional people, to whom I sell larger amounts of insurance."

Daniel H. Coakley, New York Life, Boston, stressed the need for proper work habits and personal discipline in sales production. Time control, he said, has been chiefly responsible for his ability to sell from \$1 million to \$2 million every year since 1950. He said he doesn't waste his production time on routine duties. If he wants anything from the office, he has his secretary bring it to him, gladly paying the taxi fare for the time he has saved.

### Should Have More Themselves

If life agents really feel about life insurance as they tell their clients, he said, then they should own more of such protection themselves. "I own more life insurance and pay more premiums than the people I call on," he remarked.

Mr. Coakley advised agents not to wait until they become CLUs before trying to sell business insurance. He said he was not a CLU but he fully realized the value of knowledge in this business, and he said he did a lot of informative studying.

Describing himself as a "shotgun artist," Mr. Coakley said, "I let go at everything. I use all of the deductible things—group, corporation and pension trusts. I sell business life insurance, health and life, group, pensions profit sharing, a \$25,000 package plan in personal cases . . . I'm a general practitioner but my clients think I am a specialist."

Life agents do not call on the customers close enough, he said, adding that he sends out 300 tax letters each month to selected clients.

"One-stop-selling is not a new phenomenon but a concept that has been with the industry a long time, according to Vice-president Rex H. Anderson of Life of North America. He said that 115 fire and casualty companies are now in the life field, and Travelers and Aetna have been selling life as well as property and casualty lines for many years.

### Concept Applies To A Degree

One-stop insurance selling can be compared wholly with super markets, Mr. Anderson said, though to a degree. "Super markets and the national chain stores operate on the basis that the man or woman who buys one product in the store could be made to buy other things if the merchandising technique is proper. On the same basis, I believe, the people who buy life insurance for the agency that has the fullest contact with them, and which, of course, has their confidence."

The property and casualty agent has a greater interest in life insurance than ever before. Life insurance selling to a great extent is a key to holding other lines of insurance. A life department can increase the property agent's volume of business without too much extra expense, since the life company

(CONTINUED ON PAGE 21)



## The Young Surveyor

In his early life George Washington showed an aptitude and love for mathematics which later proved invaluable to him. In 1748 at the age of 16 he surveyed the land holdings of Lord Fairfax in the Shenandoah Valley and Blue Ridge Mountain areas of Virginia.

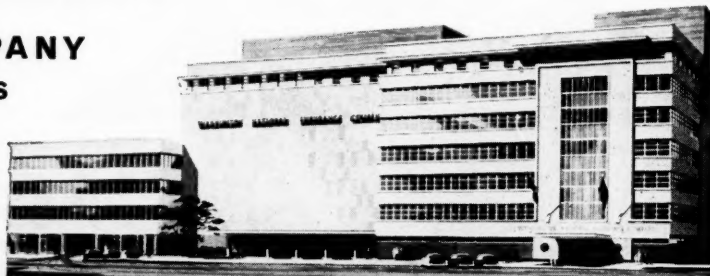
This reproduction is one in a series of eleven original oil paintings by Walter Haskell Hinton which portray little-known events in the life of our Country's first president, George Washington.

A booklet containing full-color reproductions of all eleven paintings is available upon request. In addition, we hope you will visit us and view the original paintings which hang in our Home Office gallery.

# Washington National

**INSURANCE COMPANY**  
EVANSTON, ILLINOIS

ACCIDENT	•	SICKNESS
GROUP	•	MEDICAL
HOSPITAL	•	SURGICAL



ARCHITECT'S SKETCH OF OUR NEW HOME OFFICE BUILDING



# Nineteen Are Promoted In Mutual Of New York's Sales Division

Mutual of New York, in an extensive, nationwide realignment of its sales staff and organization, has established two new sales regions and promoted 19 members of its sales department, including six top executives. The changes become effective Dec. 1.

The new regions are the New York metropolitan, which will embrace 18 agencies in southern Connecticut, eastern New Jersey and Greater New York, and the southwestern, covering agencies in nine states. These will give the company a total of seven sales regions, including Canada.

## Top Promotional Changes

Top promotional changes are these: James S. Bingay, regional vice-president for sales in the western region, becomes 2nd vice-president for sales. He will have charge of the sales administration division and supervision over the western and central regions. Howard E. Barnhill, regional superintendent of agencies in the central region, succeeds Mr. Bingay.

Clayne Robison, now regional superintendent of agencies in the southern region, will head the new southwestern region as regional vice-president for sales.

Robert U. Shallenberger, a superintendent of agencies at the home office, becomes regional vice-president for sales in the new metropolitan region.

E. C. Danford, 2nd vice-president for sales, will add supervision of the metropolitan, eastern and Canadian regions to his present direction of the merchandising division.

James B. McAfee, 2nd vice-president for sales and head of the manpower and management division, will supervise the southern and southwestern regions.

Stanton G. Hale, vice-president for sales, said these changes are expected to strengthen the field supervisory organization and provide for closer contact between agencies and regional supervisors and between the home office and the field. They represent part of Mutual's long-range program to promote the continued, healthy growth of sales volume.

## Continue In Present Posts

Regional vice-presidents D. D. Briggs, Frank B. Jackson and Edward E. Waller will continue to have direct control over the southern, eastern and central regions, respectively.

Named to succeed Mr. Barnhill as regional superintendent of agencies in the central region was Donald J. Mertz, now a superintendent of agencies on the home office staff and a former manager of one of the Chicago agencies.

In the western region, the present regional superintendent of agencies, Charles R. Murrah, is being transferred to the home office as a superintendent of agencies in the manpower and management division. He will be succeeded by Louis A. Buenz, now a superintendent of agencies on the home office staff and former manager of Oakland, Cal.

Promoted to superintendents of agencies on the home office staff are these division directors: John J. Mahon, director of management training, George A. Norwood, director of field training, and Clarke H. Williams, director of recruiting. All are former agency managers.

Other promotions, all within the sales department are:

(CONTINUED ON PAGE 21)



Pictured with three of Mutual of New York's top command are most of the group of 19 in the sales department who have been promoted, effective Dec. 1: Seated, from left, Robert U. Shallenberger, metropolitan New York regional vice-president; James B. McAfee, 2nd vice-president for sales; Stanton G. Hale, vice-president for sales; Roger Hull, president; J. McCall Hughes, executive vice-president; E. C. Danford, 2nd vice-president sales. Standing, Joseph Melly, director of contracts and compensation, Paul Brower, director of field training; George Brown, director of recruiting; Donald Rave, assistant director of field training; Lou Buenz, regional superintendent of agencies in the western region; John Mahon, superintendent of agencies; Richard Borah, director of special markets; Clarke Williams, superintendent of agencies; George Norwood, superintendent of agencies.

Need a GOOD  
Accident and Sickness  
Company in your Agency?

IF SO, WE SUGGEST YOU INVESTIGATE  
PROVIDENT FOR THE FOLLOWING REASONS:

- 1 More than seventy years specialized experience in the A & S field.
- 2 The widest line of policy coverages in any one company — anywhere.
- 3 Sales aids and training assistance to enable you to produce in volume and with confidence.

To get full details without obligation write:

**JAMES W. SEDGWICK**  
AGENCY MANAGER — ACCIDENT DEPARTMENT

**PROVIDENT** LIFE • ACCIDENT • SICKNESS  
**LIFE AND ACCIDENT** HOSPITAL • SURGICAL • MEDICAL

*Insurance Company*

CHATTANOOGA

## 16 Items Of Improvement In Texas Regulation Cited By Penn Jackson

The current status of insurance regulation in Texas under the drastically revised system established by the legislature beginning in 1955 was reviewed in detail by Penn J. Jackson, chairman of the State Board of Insurance Commissioners, in his address to the annual meeting of National Assn.

of Mutual Insurance Companies at Dallas.

A few years ago Texas was plagued by a rash of insurance company failures, caused, Mr. Jackson said, by legal loopholes, poor regulation, and the presence of a considerable number of promoters.

Legal loopholes were closed by laws enacted in 1955, 1957, and this year. "Generally speaking," he said, "our insurance laws are in much better order, and, if properly administered and enforced, will not permit the recurrence of the unhappy events of the past."

The old board of insurance commissioners was reorganized in 1957 into a new State Board of Insurance, consisting of three members, who have the assistance of a chief executive and administrative officer called the commissioner of insurance, appointed by and working under the supervision of

the board. The board is vested with legal regulatory power, but the commissioner administers the department and applies the law and the rules and policies of the board. The board determines policy, makes rules and rates, and hears appeals from decisions of the commissioner.

The new board has been in being since June, 1957. Mr. Jackson recalled some of the significant accomplishments of the past two years, enumerating 16 items. Several of the changes he mentioned offered hints of the difficult problems which still echo in the Texas legislature and the newspapers.

### Reorganized Into One Unit

—The department has been reorganized into one integrated unit. Under the old law it had operated three more or less separate departments. The new organization, he said, is centrally administered and closely coordinated, headed by the board, administered by the commissioner and divided into six divisions with appropriate sections and units. All questions of divided authority have been entirely eliminated.

—The three-member board acts as a unit, no individual member has authority to decide any question, and individual lobbying with board members has been eliminated. All evidence, argument, and persuasion must be presented to the board as a whole.

—A systematic and complete set of procedural rules, of which anybody can have a copy, has been promulgated. Persons having problems to present to the board or the commissioner can know in advance what their rights and the procedures are. The board holds public hearings on all important matters. Any interested party has the right to call for a public hearing. "I find that this system of public hearings brings this public business into the open and enables us to hear both sides at the same time and has improved the quality of our decisions as well as improved public confidence in the fairness of our actions."

### No Favoritism

—The board does not play politics or favoritism toward any company, type of company, or individual, Jackson declared.

—"In keeping with the law of good ethics and practices," he said, "we do not receive or permit any of our employees to receive any gifts or favors from anybody in the insurance industry—no meals, no hats, no travel. It is our belief that those charged with regulatory authority should not be under obligation to those they regulate."

—Good personnel practices have been set up. A complete job classification plan has been made of every position. Employment and promotion of personnel is on the basis of ability and achievement.

### Better Examination Division

—Great emphasis is placed on building of a better examination division. The practices and procedures of the select train and supervise examiners and the examination methods of the department have been revised and modernized. "For the first time in many years examinations are being made as frequently as the law requires." Corrective conferences and measures, Mr. Jackson averred, have saved a number of companies from going on the rocks. "I take pride in telling you that with 1,836 companies doing business in Texas we have

(CONTINUED ON PAGE 31)

## A case for

**ÆTNA LIFE'S**

**BUSINESS PLANNING**

**SERVICE**

You know this company well . . . they're hiring men . . . they're expanding. You know the two ambitious partners, Stu Nelson and Jay Cox. Perhaps you provided the needed insurance coverages for their business property.

They used foresight then . . . but have they planned for the future of the business should death strike? They are perfect prospects for an Ætna Life Business Insurance Plan. The Business Planning Department of a nearby Ætna Life General Agency stands ready to help general insurance men develop and sell these substantial cases.

Check your files for companies (and men) like these, today!

Nelson & Cox Co.



COMPASS

### Service to General Insurance Men

"Compass" is a monthly Ætna Life service publication written especially for general insurance men and brokers. It points out unusual opportunities for building commissions and for cementing relationships with your clients and their attorneys and accountants. To receive your copy regularly write: "Compass", Ætna Life Insurance Company, Hartford 15, Conn.

**ÆTNA LIFE INSURANCE COMPANY**

Affiliates: ÆTNA CASUALTY AND SURETY COMPANY • STANDARD FIRE INSURANCE COMPANY • Hartford, Connecticut



INDIANA • KANSAS • KENTUCKY • LOUISIANA • MARYLAND • MICHIGAN • MINNESOTA • MISSISSIPPI •

## AMERICAN BANKERS LIFE HAS JUST ENTERED WISCONSIN

# OVER \$280,000,000 IN FORCE

## THERE IS A REASON FOR OUR PROGRESS

*Write or Wire Concerning Your Opportunity  
in This Dynamic Sales Organization*

### RAYLEN CORPORATION

Raymond H. Collins, Regional Director  
3107 North 77th Street  
Milwaukee 16, Wis. • Uptown 1-5060



### AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA

#### Agency Department

Leo Sexton  
Senior Vice President

James B. Siske  
Agency Vice President

Joseph M. McCarthy  
Assistant Vice President

James G. Ranni, President

MIAMI

FLORIDA

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## 200 Attend Waco Sales Congress

Two hundred agents attended the Waco, Tex., sales congress to hear speakers tell how they got ahead in selling. The meeting was sponsored by the Waco, Austin, Central Texas, and Heart O' Texas associations.

The agents were warned by Charlie H. Flowers, American General Life, Marshal, against taking too literally the sales ideas of speakers, and he illustrated some that had backfired. A business prospect, when asked how

she would like to be a partner in business with her partner's wife's second husband, replied "I would like him better than her present husband." Tilting a fountain pen on a board so that the prospect would grab the pen to prevent its falling may be clever, but Mr. Flowers knew of an adamant prospect who let the pen fall and did nothing about it.

Personality, that "total impression you leave upon people," is essential

for a salesman, he said. People buy life insurance from the agent, not from the company.

Attributes which Mr. Flowers thought were essential to successful selling were: organization, an optimistic outlook, and goals.

Thomas A. Morris, Amicable Life, Abilene, told how he plans his work so that he has somewhere to go every hour. When a prospect is out he calls on another in the same part of the city. This, he said, enables him to see eight to 10 people a day, have three interviews, and make one sale.

Mr. Morris said he doesn't like to use the telephone because he must see the prospect to make a sale. He said he works without appointments to avoid losing time when the prospect stands him up.

He suggested that interviews be limited to a half hour. To do this the social portion of the interview must be brief because it is easy to ruin an interview by visiting too long, he opined.

After delivering a policy, Mr. Morris said he writes a letter to the insured expressing appreciation for the sale. The letter is in longhand, making the message more sincere.

Income from renewals was described as being "green grass" by Frank Falkstein, Prudential, Houston. He said that renewal commissions from the fifth to the tenth year double for the average producer, but he wondered why agents should content themselves with being average.

Not one person in a thousand knows a good thing, declared Rev. Charles Wellborn, Baptist minister of Waco, who added that promotion makes the difference between acceptance and rejection. That is why thousands of people flock to Pike's Peak while nearby, higher mountain is ignored. Why Paul Revere, courtesy of a Longfellow poem, gets credit for spreading the news that the British were coming, although he was really in prison while a companion who escaped spread the news.

### Don't Fear Making Mistakes

He urged agents not to rush, to know where they are going and not to be afraid of making mistakes. Babcock and Cy Young made outstanding packages in baseball records, because they were not afraid to make mistakes, he said.

The need for life insurance to provide income and maintenance of a standard of living was portrayed by Stanley E. Martin, State Mutual Life, Dallas.

Oliver E. Meadows, veterans insurance committee, Washington, D.C., described the agitation to reopen the national service life insurance program. He warned that unless agents support the committee, proponents of the plan will succeed in getting NSLI reopened.

## Pan American Names Anderson To Two Posts

Jack R. Anderson has been appointed assistant vice-president and general claims manager of the Pan American group. Mr. Anderson was formerly a regional claims manager and supervised claims for a company in an area generally the same as the 14 states in which Pan American operates.



Jack R. Anderson

## Prairie States Of S. D. Completes Sale Of Stock

Sale of \$1 million of stock has been completed by Prairie States, a new life company of Sioux Falls, S.D., which began writing business this month. The company, headed by President Raymond Dana and Executive Vice-president Arnold Snortland, limited its operations to South Dakota, but plans to expand to other states later and to eventually enter A&S.

# are you HALFWAY PROTECTING your agency's future?

The best protection for future growth is to offer insurance *competitive in form and price*. The Security-Connecticut Group offers all forms of personal and business insurance, including life, accident, fire, casualty, group, automobile, marine, bonds. You can choose insurance designed to meet *realistically* the competition of direct writers.

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## THE SECURITY-CONNECTICUT INSURANCE GROUP

SECURITY INSURANCE COMPANY OF NEW HAVEN

THE CONNECTICUT INDEMNITY COMPANY

SECURITY-CONNECTICUT LIFE INSURANCE COMPANY

HOME OFFICES: NEW HAVEN 5, CONNECTICUT





## Don't Fear For Industrial's Future, Carroll Advises IHOU At St. Louis

ST. LOUIS—Despite a slight decline in the total in-force amount of industrial, or weekly premium, insurance in 1958, there should be no fear for the future of this business, Cecil B. Carroll, vice-president and agency director for Independent L. & A., told Institute of Home Office Underwriters at its annual meeting here last week.

L. M. Spear, vice-president State Farm Life, was elected president. Other elected officers: John D. Rockafellow, Pacific Mutual, executive vice-president; Clyde R. deHass, Equitable Life of Washington, D. C., vice-president and editor; Harold A. Munson, Guarantee Mutual, secretary-treasurer, and Robert M. Kidd, Ohio National, convention secretary.

### Executive Committee

Members of the executive committee are Wallace Bidelman, Farm Bureau Life of Des Moines; Ira A. Dryden Jr., Amicable Life; A. O. Konigson, Lutheran Brotherhood; W. Ronald Marshall, Paul Revere Life; Douglas E. Nickens, Lincoln Income Life; R. S. Wagner, United of Omaha; Edward A. Watson, Independent Order of Foresters, and Charles A. Will, Guardian Life.

Drawing an analogy between Christmas presents and insurance, Mr. Carroll said that while it is characteristic of human nature to open the large present first, it is possible that the small one will contain the more precious gift. Life insurance in small packages has made its contribution to the American way of life. It has not outlived its usefulness despite increased interest in monthly debit or ordinary, or the higher cost of living, the speaker said.

### Chronic Volumitis

Many in the business have a chronic case of volumitis. There is such anxiety for volume that more and more emphasis is being placed upon group, insurance program, or credit insurance, rather than basic plans, he said.

Industrial has been marketed for 65 years, Mr. Carroll stated. It had to struggle for existence in the early days, but has climbed to an annual written premium of approximately \$40 billion. No matter how it is termed, it is sold as ordinary, but in smaller packages.

Originally intended primarily for industrial workers, it now serves thousands of policyholders who are not in the industrial class. A better term for it is simply "weekly premium insurance," he said.

Mr. Carroll then outlined some of the defining characteristics of this type of insurance. It is usually issued in amounts of not more than \$1,000 on one contract. Premiums are collected weekly by an agent. Because of this service, the premiums are higher for this type of protection. In most instances, it is sold by premium size rather than face amount. The age of the next birthday is used rather than the age of nearest birthday. Double indemnity and dismemberment provisions are often built into the contract and included in one premium. Most contracts are issued non-medically and less underwriting restrictions are involved.

### Lists Growth Factors

Some of the many factors which have contributed to the growth of weekly premium insurance are, first of all, its liberalized policy contracts. Many of the features of these policies are almost indistinguishable from those of an ordinary policy. Also, the death benefit is occasionally paid in 10 or 20 equal monthly payments, he noted.

Liberalized underwriting procedures include credit reports which are secured on a spot check basis, particularly on older applicants. Another vital factor is improved sales forces. Companies today emphasize training the debit agent, Mr. Carroll said.

There will always be a market for this product, the speaker asserted, and those concerned for it must continue to dedicate themselves to the task of promoting its growth.

Archibald C. Wilson, reinsurance department medical director of Connecticut General Life, discussed various investigatory and underwriting aspects of respiratory conditions.

Chronic degenerative disorders are particularly difficult to appraise, Mr. Wilson said. This is because their extent and the rate of their progress cannot readily be measured. By no

(CONTINUED ON PAGE 25)



# out in front

A Bankerslifeman is our contact with the public. The impression he creates is a reflection upon himself . . . our Company . . . and the entire insurance industry. He is truly the man who is "out in front."

This is why we carefully choose and thoroughly train every Bankerslifeman. He is taught to take a professional view of his work—service becomes his watchword. He is given a thorough knowledge of life insurance and its many uses so he may have both the desire and the skill to give competent counsel and service.

A Bankerslifeman knows he is "out in front" in another way—he knows his Company is one of the true pioneers in developing new ideas to fit the changing needs of the public. He is proud to say he was the first to carry the now popular *Guaranteed Purchase Option* and the *Wife Protection Rider* in his brief case.

**BANKERS *Life* COMPANY**  
DES MOINES, IOWA

## SUN LIFE

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progressive  
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in a  
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**SUN LIFE ASSURANCE COMPANY OF CANADA**

\$8 BILLION LIFE INSURANCE IN FORCE



Officers and executive committee of Institute of Home Office Underwriters elected at St. Louis convention. Seated: Robert M. Kidd, Ohio National, convention secretary; Clyde R. deHass, Equitable Life of Washington, D. C., vice-president and editor; I. M. Spear, State Farm Life, president; John D. Rockafellow, Pacific Mutual, executive vice-president, and Harold Munson, Guarantee Mutual, secretary-treasurer.

Standing: Douglas E. Nickens, Lincoln Income Life; Charles A. Will, Guardian Life; Edward A. Watson, Independent Order of Foresters; Ira A. Dryden, Amicable Life; W. Ronald Marshall, Paul Revere Life; Wallace Bidelman, Farm Bureau Life of Des Moines, and R. S. Wagner, United of Omaha, all of the executive committee. A. O. Konigson, Lutheran Brotherhood, also a committee member, is not shown.

## Fla. Bankers Say Old Line Companies Seek Credit Field Foothold

Florida Bankers Assn., at a hearing called by Commissioner Larson in Tallahassee to determine whether credit life rates should be regulated and at what level, said old line life companies were seeking a foothold in the credit business they formerly ignored and were thus trying to shove out the banks.

Although giving no immediate de-

cision at the hearing, the commissioner recently suggested that the prevailing credit life rate of \$1 per \$100 be reduced to 64 cents per \$100.

While the bankers' association opposed any regulation of rates, spokesmen for life companies, including Prudential and Gulf Life, endorsed the commissioner's suggestion, and in turn drew the fire of the bankers' group.

### More Welfare State Measures Coming, Milwaukee Agents Hear

More welfare state legislation which will provide further government com-

petition with free enterprise was predicted by William S. Hendley Jr., president of NALU, at the October meeting of Milwaukee Assn. of Life Underwriters. He said the insurance industry is doing a good job in providing medical benefits for the aged, but because the job was not 100% complete, the government, through the Forand bill, is trying to take over. Insurance men have supported the original concept of social security as "floor protection," but some legislators are trying to substitute social security for private savings.

## Ill. A&S Underwriters Hear Peel Of HIA On Legislative Picture

Experimentation with new coverage is the life blood of the A&S business, and if the right to experiment is taken away the ability to progress beyond the status quo will be destroyed, Joseph W. Peel, assistant counsel Health Insurance Assn. of America, told the October meeting of Illinois A&S Underwriters' Forum in Chicago.

Mr. Peel said that perhaps the most effective tool for implementing any program of voluntary health insurance is the preservation of competition between insurers. This is one of the underlying philosophies of HIA in legislative matters, he said, along with the fact that the successful operation, improvement and expansion of voluntary health insurance is vital not only to insurance but also to private medical practice and voluntary private hospitals, and failure in this will result inevitably in the socialization of health care by the government.

Touching on A&S legislation in Illinois and in Washington, he emphasized the active role of HIA in these activities, describing the association's representation of insurance at national and local levels throughout the country. He recounted some of the arguments for and against the Forand bill presented to Congress this year and pointed out that a great deal more discussion of this bill can be expected during the 1960 session.

Since the current problem of health care for the aged is the major factor behind the Forand bill, he said, the industry has but two alternatives: Either accept social legislation as the only solution to the problem of the aged, or resist the legislation and provide, at a more rapid rate, voluntary and adequate health insurance to the aged at a cost they can afford.

The number of new A&S plans for the aged being put on the market is ample evidence that the industry has adopted the second alternative, he noted, and within the next year the major goal of HIA and the insurance industry as a whole must be to convince Congress and the public that voluntary health insurance is doing its job.

### New Prudential Policy Is Tailor-Made For Women

A new whole life policy designed specially for women and available at reduced premium rates that allow for their longer life spans has been introduced by Prudential.

Premium rates will be an average of 5% lower than for a comparable men's policy. The policy will be written on women age 15 to 66 for face amounts of \$5,000 and over.

### Western Life To Refund Balance

Western Life has joined those companies which refund the balance of premium paid beyond the month of the death of the insured. The change in company policy will increase the settlement with each beneficiary. Such premium refunds apply to all life insurance in force on a premium paying basis and on which notice of death is received on or after June 16, 1959.

Life of North America has sold its first \$1 million policy on a single life. The policy was sold by the Hutchinson-Rivinus agency at Philadelphia working in conjunction with the Philadelphia service office, managed by Henry L. Wilson.

## STATE MUTUAL Announces

# A New Liberalization in GROUP RETIREMENT DEPOSIT ADMINISTRATION PLANS

**INTEREST GUARANTEE EXTENDED.** 3% interest guaranteed on Deposit Administration funds *extended* from 5 years to 10 years on deposits made during the first 5 years. 2¾% interest guaranteed thereafter on these funds, with accumulated interest, until used to purchase retirement benefits.

**NEW LIBERAL PURCHASE RATES.** Rates guaranteed on monies deposited during the first 5 contract years, together with the interest thereon, are based on the 1951 Group Annuity Rate Table, set back 1 year for males and 6 years for females, with 3% interest for retirements during the first 10 contract years and 2¾% interest for retirements thereafter. In both cases, rates include a 5% loading.

**NEW FLEXIBLE CONTRACT CHARGES.** New maximum contract charge of \$750 is reduced by 1% of annual deposits over \$25,000. There is no contract charge for any year in which the deposit is \$100,000 or more.

*The State Mutual group representatives in your area are specialists in handling all types of employee welfare and benefit plans. For expert assistance pertaining to a group retirement plan, we urge you to get in touch with them directly, or to write our Home Office in Worcester.*



STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA

Worcester, Massachusetts



## Guardian Life Holds First Group Conference

Guardian Life's first group business conference since it entered the group field in 1957 was held at Shawnee, Pa.

John L. Cameron, president, in his opening address, congratulated agents on their fine record compiled in the company's first two years in the group business. Balance of the first session was given over to a review of recent underwriting and legal developments and a question and answer period. William J. Burrell, assistant counsel; A. Peter Altavilla, group underwriter; and Ronald M. Donnelly, claims supervisor, led the discussion.

Mr. Donnelly, at the second business session, reviewed Guardian's handling of major medical claims.

### Sales Techniques Panel

Group Regional Managers William W. Mauke of New York and James D. Holland of Atlanta joined in a panel discussion of sales techniques. Thomas J. Kelly, assistant actuary, outlined the factors used in developing group major medical rates.

Speaker at the closing session was Irving Rosenthal, vice-president and actuary, who outlined the company's approach to major medical coverage, pointing out, "Where bills are reasonable we believe that the full excess of these bills over the deductible should be paid without further coinsurance deductions."

John C. Slatery, 2nd vice-president, closing the conference, explained the organization of Guardian's general agencies and company policy on coordinating group sales with other products.

T. Robert Wilcox, group secretary, was chairman for all business sessions.

## Credit Insurance Rule Issued In Ky.

Commissioner Thurman of Kentucky has issued regulations for policy forms and premiums of credit life and credit A&S. He accompanied the regulations with a statement which said, among other things, that agents look for the company which pays the highest rate of commission and so the agent selects the company which has a higher premium and can thus afford a higher commission. Such procedure is obviously not in the public interest because the primary concern appears to be the enrichment of the agent at the expense of the insured.

The rules include one which calls for losses to be at least 50% of premiums. An example is given of a company which in 1958 had premiums in Kentucky of \$400,000 and paid losses of \$110,000, a ratio of 27.5%. The regulations would require that in the following year on the same number of risks the company would collect \$222,000.

## First Career Conference For Life Of North America

Life of North America held its first career conference at the Shelburne Hotel, Atlantic City. The conference, conducted by the training division under Herbert T. Greene, director of training and Charles Koppen, training supervisor, was attended by 24 career agents from the Philadelphia, Newark and Pittsburgh areas.

Edmund L. Zalinski, executive vice-president, and Rex Anderson, marketing vice-president, spoke at the opening of the conference. Leland T. Waggoner, sales vice-president, was the speaker at the closing banquet.

# 4% ON AGENTS' RENEWAL ACCUMULATIONS, TOO!

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A unique Jefferson Standard "plus" — in addition to the Company's regular Retirement Plan for Agents — is our Renewal Accumulations Plan. This plan enables the agent to leave his renewal commissions with the Company at 4% interest, compounded annually.

This "4%" feature is *exclusive* with Jefferson Standard. Here's what one of our agents says about the plan: "I consider my renewal accumulations an extremely wise and safe investment — one that will add immeasurably to the enjoyment of my retirement years."

Jefferson Standard agents now have more than \$2,000,000 in accumulated renewals on deposit with the Company . . . savings for a more bountiful retirement!

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## SPECIAL INCOME FOR LIFE POLICY

*combines maximum protection with flexible retirement benefits*

Insurance coverage to age 65, then choice of three options:

- (1) Income for life (120 months certain and continuous) of \$5.00 per \$1,000 face amount for men; \$4.45 for women.
- (2) Paid-up life policy for face amount, plus \$58.23 per \$1,000 in cash. No evidence of insurability required. Full range of optional modes of settlement applicable to cash values on paid-up life policy.
- (3) Cash for \$812 per \$1,000 face amount. Payable in one sum or under full range of optional modes of settlement.

Minimum policy \$5,000



The  
**FIDELITY MUTUAL  
LIFE INSURANCE COMPANY**  
THE PARKWAY AT FAIRMOUNT AVENUE  
PHILADELPHIA, PENNSYLVANIA

## Editorial Comment

### A Courteous Reminder

Courtesy is the heart of communications—spoken or written. This rule is generally observed in social affairs; less so in business.

Take the matter of news releases. Courtesy to the reader—for whom they are prepared—demands that they be complete, concise and timely. Yet every day, publications receive releases that are marked by gaps in pertinent information and an excess of unessential data. If, for example, a man has joined a company in an important position, the reader would like to know his specific background—what organizations he has been with previously, his functions with them, and his length of service. It is not enough to say that he has been active with unspecified firms in his particular field of activity. That is obvious, for otherwise he would hardly be stepping into a responsible post with the new company. By failing to give a new man's exact background, his new employer detracts from the man's prestige, fails to receive credit for its own wisdom in bolstering its staff with a well qualified man, and exposes its ignorance of the fundamental rule of communications—courtesy.

Within the past several years, some insurers seem to have learned this lesson. They have transformed their news releases into intelligent presentations—not for the convenience of editors—but in the interest of readers.

A company, of course, has the right to prepare its news releases in any form it chooses. This does not imply a consequent obligation on the part of a publication to print them in that form. The publication's primary responsibility is to its readers. Giving them an incomplete or ambiguous story is a definite disservice—just as provision of inadequate coverage by an insurer is indefensible.

A company can circulate its news internally to employees by bulletins which reveal or conceal facts to the exact degree that management desires. However, although employees also deserve courtesy in communications, they are not wholly dependent

upon it. Often they have already learned the essential facts of a given situation through the grapevine, while various members of management are still struggling with a bulletin which will tell the story in a "politic" way. When the bulletin finally is distributed, it is often greeted with snickers instead of the anticipated acceptance.

While it is astonishing that some professional insurance men seem to prefer the role of amateur semantists, no one can question their right to play with words to their heart's content in connection with internal bulletins. It is essentially a harmless pastime—though expensive—since, as noted, employees usually get the facts

through speedier channels.

As also observed, no one can question a company's right to issue news to outside publications on its own basis. But it may be a service to some companies to remind them that outside readers have no grapevine, that they must depend upon publications for facts, and that publications, in turn, have only one source of such data. The solution to the problem is usually simple: Entrust the preparation of news releases to the professional person on the company staff who is responsible for that function. Make sure he is the right person. Subject him to checking and guidance only on essential matters of company policy. And never permit the well meaning but amateur "writers" among management to dabble in words for news purposes, any more than they would be allowed to roam through the accounting division, interpolating figures between those of the specialists. Words are even trickier

than numbers, and people who know how to use them are much rarer than accountants.—John N. Cosgrove, associate editor THE NATIONAL UNDERWRITER Fire-Casualty Edition.

## Stocks

By H. W. Cornelius of Bacon, Whipple & Co.  
135 S. La Salle St., Chicago, November 3, 1959

	Bid	Asked
Aetna Life .....	81½	83
Beneficial Standard .....	18	19
Business Men's Assurance .....	40	41
Cal.-Western States .....	113	116
Commonwealth Life .....	21½	22½
Connecticut General .....	350	360
Continental Assurance .....	144	150
Franklin Life .....	76¾	78
Great Southern Life .....	85	88
Gulf Life .....	23¾	24½
Jefferson Standard .....	96	99
Kansas City Life .....	1445	1465
Liberty National Life .....	63	66
Life & Casualty .....	21¾	22½
Life of Virginia .....	51	53
Lincoln National Life .....	225	230
National L. & A. .....	109	111
North American, Ill. .....	15½	16½
Nw. National Life .....	95	100
Ohio State Life .....	280	300
Old Line Life .....	65	68
Republic National Life .....	71	74
Southland Life .....	95	100
Southwestern Life .....	157	162
Travelers .....	80	85
United, Ill. .....	48½	50
U. S. Life .....	40½	42
Washington National .....	58	62
Wisconsin National Life .....	42	45

### Set NALU Membership Quota At 83,000 For '60

A membership goal of 83,000 has been set by NALU's membership committee headed by Philip A. Hoche, Kansas City Life, Winter Park, Fla. The figure is a 7% increase over the projected 1959 membership total.

#### Area Membership Chairmen

Area membership chairmen assisting in the drive are Gordon Hockaday, Equitable Society, Spokane, Wash. Area 1; Harry R. Pinney, Bankers Life of Nebraska, Oakland, Cal., Area 2; Benjamin P. Atkinson, American General Life, Austin, Tex., Area 3; Lisle D. Payne, Lincoln National Life, Des Moines, Area 4, and Gerhard C. Krueger, Equitable of Iowa, Chicago, Area 5.

Also, Verne N. Barnes, Kansas City Life, Little Rock, Area 6; James M. Thurman, Penn Mutual Life, Atlanta, Area 7; William H. Gatling, Jefferson Standard Life, Norfolk, Area 8; Charles Anchell, New York Life, N.Y., Area 9, and Edward H. Duffy, John Hancock, Quincy, Mass., Area 10.

### Maryland Department To Hire Actuarial Assistant

The Maryland department is seeking for employment an actuarial assistant in the personal insurance field. Applicants, the department said, are required to have a college education with a background in mathematics and insurance department or insurance company experience in life or A&S coverage. Closing date for the receipt of applications is Nov. 21.

Applications are to be sent to the commissioner of personnel, 301 West Preston Street, Baltimore 1, Md.

### Detroit CLUs Designated

CLU designations were conferred on 18 Detroit area men at a dinner of Detroit chapter of CLU. Chancellor Durward B. Varner of the Oakland campus of Michigan State University was the speaker.

## Personals

**R. McAllister Lloyd**, chairman of Teachers Insurance & Annuity, has been named chairman of the life insurance division of the 1959 family finance campaign of Community Service Society of New York.

**Andrew J. Wheeler**, Chicago sales manager of the National Underwriter Co., is at his home in Naperville for a short rest after spending a few days in Columbus Hospital, Chicago, for observation.

**John D. Brundage**, president of Bankers National Life, has been elected vice-president of the American Heart Assn. He gave the keynote address at the association's annual meeting in Philadelphia.

**Robert C. Russ**, vice-president of Union Mutual Life, has been appointed chairman of the Maine committee on aging. In January, the committee will report to the White House conference on aging in Washington.

**Rex Beasley**, vice-president in charge of home office operations of Republic National Life was the subject of a personality sketch in the Dallas Times Herald under the title "Tomorrow's Leaders." Mr. Beasley is the son of T. P. Beasley, the head of Republic National. Rex Beasley has been with the company for 14 years.

## Deaths

**RALPH D. LOWENSTEIN**, 60, former general agent of Massachusetts Mutual at St. Louis, died after a long illness. He joined Massachusetts Mutual in 1926 in the Chester O. Fischer general agency. In 1937, Mr. Lowenstein and A. E. Vieth formed a general agency partnership which Mr. Lowenstein took over in 1942. He resigned as general agent and went into personal production in 1952.

**RALPH J. RICHARDSON**, 65, general agent at Kalamazoo of Continental Assurance and a former president of Kalamazoo Assn. of Life Underwriters, died at his home. He was with the Garrett agency of Kalamazoo until he went into the life business.

**Mrs. HELENA HARALSON JOHN-SON**, 86, a co-founder of Life & Casualty, died at Nashville.

**MARVIN J. SILBERMAN**, 46, a member of the executive committee and board of Northeastern Life of Mount Vernon, N.Y., and Mrs. Silber- man, were among those killed in the crash of a Piedmont Airlines DC-3 plane near Charlottesville, Va. Mr. and Mrs. Silberman were on their way to visit their 14-year old son, John, at Staunton Military Academy near Charlottesville. Mr. Silberman was chairman of the executive committee of the Consolidated Cigar Corp.

## THE NATIONAL UNDERWRITER

The National Weekly Newspaper  
of Life and A&S Insurance

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## Pointers For Every Agent Given At St. Louis Congress

(CONTINUED FROM PAGE 12)

will do practically all of the detailed handling of the business, he said.

Rep. Thomas B. Curtis of Missouri praised the life insurance profession as being the one that has done more to hold the line against socialism than any group in the country. "I can't think of any other profession that has provided the ways and means of spreading the national income so effectively while giving the family and its dependents protection than life insurance. You have performed a real service in keeping the pressure down to move Congress to get the government more into socialistic movements and idealistic ideas."

### Should Be On Individual Basis

He noted that medical costs are entirely too high and that there is a demand for federal regulation to keep these costs down. He said, however, that indigency must be met on an individual basis rather than on a national basis through local agencies such as the United Fund.

John J. Lansing, Northwestern Mutual, Macon City, Ia., in his testimonial on what a life insurance career had been to him, declared that the law of averages will work for the agent if he will work hard enough and long enough. "If you see enough persons, the law of averages will turn in your favor."

H. B. Sharer, sales training specialist of United States Rubber Co., presented a selling lecture through a vaudeville show delivery. He said the agent must concentrate on telling why the product should be purchased.

## Mutual of New York Promotes 19 In Sales

(CONTINUED FROM PAGE 13)

Curt M. Rosenberg from manager at Newark to director of management training.

Paul Brower from director of advanced underwriting to director of field training.

Donald T. Rave from advanced underwriting specialist to assistant director of field training.

George F. Brown from assistant director of management training to director of recruiting.

Joseph J. Melly Jr. from director of brokerage sales to director of contracts and compensation.

William M. Trehan from brokerage supervisor in the New York (Myer) agency to director of brokerage sales.

Richard T. Borah from director of employe benefit sales to director of special markets.

## New York City Agents To Hear Two MDRT Members

Two members of Million Dollar Round Table will be speakers at the educational meeting of New York City Life Underwriters Assn., Nov. 12, in the north ballroom of the Hotel Astor. Speakers are Herbert V. Kibrick, New York Life, Boston, whose speech titled "An Analysis of Selling," in which he will describe his emotional approach to client problems, and Bernard C. Lewis, Prudential, Newark, discussing "A Process—But No Magic," which will cover his method of programming, approach, presentation, fact finding, closing and planning a will.

## Southeastern Actuaries To Feature Six Panels At Nov. 19-20 Annual

Six panels, ranging in subjects from debit and ordinary life underwriting to the role of the actuary in agency matters, will be featured at the annual meeting of Southeastern Actuaries' Club, Nov. 19-20, at the Robert Meyer Hotel, Jacksonville.

John S. Pearson, medical director American United Life, will be featured speaker. His topic is "Medical Advances Affecting Underwriting."

Panel subjects and members: "Debit and Ordinary Life Underwriting," Dr. Pearson; Bruce W. Batho, vice-president and comptroller Life of Georgia; Harold Ruck, actuary Volunteer State Life, and Charles W. Jacoby, actuarial director Prudential.

"Reinsurance of Individual Insurance," William L. Farmer, actuary Protective Life; James C. H. Anderson, vice-president Georgia International Life, and John W. Clarke, senior vice-president Gulf Life.

### Role Of Actuary

"Role of the Actuary in Agency Matters; Research and Planning; Electric Accounting and Computing Equipment," James M. Bates, vice-president and actuary Home Security Life; Russell L. King, vice-president National Old Line, and Thomas H. Pate, vice-president and actuary Independent L.A.A.

"Persistence Problems—Debit and Ordinary Life," Ernest Steele; Kenneth Ward-Smith, chief actuary Life & Casualty, and James M. Woolery, vice-president and actuary Occidental Life of N.C.

"Individual A&S Underwriting for Duplication of Coverage; High Claim Rates in Certain Areas," Carlton Harker, vice-president and actuary Coastal States Life; Wilbur H. Odell, senior actuarial assistant Prudential, and John Sloan, actuary Surety Life.

"Group A&S High Claim Rates: Causes, Prevention and Cure," Ray D. Albright, group actuary Provident L.A.A.; James L. Kirkpatrick, vice-president and actuary Southern Life of Georgia, and E. Earl Ward, assistant actuary Gulf Life.

## Raised Sights To Be Theme Of Florida Sales Caravan

Florida Life Underwriters Assn. has adopted "Raising Your Sights for '60" as the theme of its 1960 sales caravan, which begins Jan. 27 in Miami, goes to Orlando Jan. 28, Jacksonville on Jan. 29, and ends at Pensacola Jan. 30.

Caravan speakers will include W. Walter Smith, agent of Metropolitan Life at Rutherfordton, N.C.; Brainerd Metheny, general agent of Fidelity Mutual Life at Pittsburgh; Albert M. Orgain, 2nd vice-president of Life of Virginia, and William C. Hendley Jr., NALU president.

Chairman of the caravan is John Harrison, manager of Gulf Life at Orlando.

### Offers New Cancer Policy

Praetorian Mutual Life has designed a new cancer policy to provide benefits in line with the high costs of hospitalization and medical care. The policy, which is non-cancellable, includes hospital benefits up to \$3,500. Other maximum benefits are: surgical, \$500; anesthesia, \$100; X-ray, radium therapy and radioactive isotopes, \$500; nursing, \$250; attending physician, \$150; blood and plasma, \$150; ambulance, \$50, and transportation, \$250. The policy is available on an individual and family basis.



## THE EMBLEM OF SECURITY

... portrays the qualities, purposes and ideals of the Company. The circle for unity; the arch, stability; the oak leaves, maturity and endurance; the shield, strength; the scales, justice; the helmet, protection; the compass, direction; the key, friendship. A company dedicated to the service of its policyholders and keyed to Career Life Underwriters.



*Equitable*  
LIFE INSURANCE COMPANY OF IOWA

FOUNDED IN 1867 IN DES MOINES

*Interested in additional tax savings for your clients?*

OUR SOLE BUSINESS IS THE PURCHASE  
OF MATURING ENDOWMENT AND  
RETIREMENT INCOME CONTRACTS  
MINIMUM PURCHASE \$10,000 • NO LIMIT

## INSURANCE RESEARCH COMPANY

67 WALL STREET

NEW YORK 5, N. Y.

BOWLING GREEN 9-5726

ESTABLISHED 1954

## Home Office Changes

### Massachusetts Mutual

In the underwriting department, the following have been promoted: Henry H. Frisbee, from assistant to associate underwriting secretary, and George H. Clark, Herbert L. Sanborn, Charles H. Wilkinson and Adolph J. Jakobek, from underwriters to senior underwriters.

### Northwestern Mutual

Harold F. Falk, president Falk Corp., Milwaukee, and Robert E. Dineen, vice-president of Northwestern Mutual, have been elected directors.

### Colonial Life

Bruce C. Anderson, group sales representative since last April, has been

appointed regional group supervisor for the New York area, with headquarters at the home office. He has also been with Connecticut General at New York.

### Occidental Of California

The pension staff has been divided into two departments—pension and pension service. Ira L. Browning, assistant secretary, will head the pension department, and C. James Sharpe is pension service manager. Wayne W.

Wilson will succeed Mr. Sharpe as manager of the group policy issuance department.

John Fulton will head the new premium service department and he will be replaced as premium collection and recording manager by Clarence Schenk.

### John Hancock



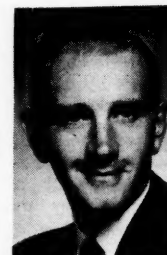
E. Leslie Ross

E. Leslie Ross has been appointed superintendent of agencies in the mid-east division. He has been with John Hancock since May and before that was manager for Life of North America.

### New England Life

Adrian O'Keefe, president of First National Stores since 1948, has been elected a director. He is also a director of First National Bank of Boston and a trustee of Suffolk-Franklin Savings Bank and Northeastern University.

### Indianapolis Life



D. Fred Powell

D. Fred Powell has been transferred to the home office as agency secretary. He joined the company in 1957 as an agent at Union City, Ia.

### No. American Accident

William J. Ryan has been elected controller. He was formerly vice-president-treasurer of New York Mutual Casualty, where he had served since 1948. Prior to 1948, Mr. Ryan was an auditor for the New York department for 10 years.

### Bankers Life Of Iowa

Glenn J. Kimball has been named an assistant medical director. He was formerly with Paul Revere Life where he has been assistant medical director since 1956. He is a member of Assn. of Life Insurance Medical Directors and the medical section of ALC.



Glenn J. Kimball

### Life Of Virginia

J. Harvie Wilkinson Jr., president of State-Planters Bank of Commerce & Trusts, Richmond, has been elected a director.

### Great Northern Life

Thomas Redmond, 30, has been elected president and a director.

### Pacific Mutual

Herbert Hoover Jr. and Henry T. Mudd have been elected directors. Son



## American United Reinsurance experts stand ready to serve you — anywhere!

● East... West... North... South, a resident reinsurance expert from American United is ready to give you local service.

That's important. Because American United is one of America's oldest (1904) reinsurers. We've solved the technical problems, mastered methods. We've probed profits and risks, produced new ideas that have proven productive.

And we share this experience with you. That's American United's "Partnership Philosophy."

Find out how American United's reinsurance expert—backed by all the home office experience you need—can help you to better business and better profits. Call or write H. Hartzell Perry, Vice President, Reinsurance, American United Life Insurance Company, Indianapolis 6, Indiana, Walnut 3-7201.

American United Reinsurance representatives service everywhere. In the West, Alaska and Hawaii—Jim Christopher from San Francisco; in the Southwest—Jim Ratliff from Dallas; in the Midwest—Fred Kautzman from Indianapolis; in the East—Ted McClintock; in the Southeast—Fletcher Shepard from Atlanta.



AMERICAN UNITED LIFE INSURANCE COMPANY • HOME OFFICE: INDIANAPOLIS, INDIANA  
ALL ORDINARY LIFE FORMS-FLEXIBLE OPTIONS-LOW NET COST SPECIALS-UNIQUE JUVENILE-GROUP INSURANCE-GROUP RETIREMENT-PENSION TRUSTS-NON-CANCELABLE  
DISABILITY-GUARANTEED RENEWABLE MAJOR MEDICAL-GUARANTEED RENEWABLE HOSPITAL & SURGICAL-SPECIALISTS IN SUBSTANDARD UNDERWRITING & REINSURANCE



Sharpe as  
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Clarence

of the former U.S. President. Mr. Hoover is president of Consolidated Engineering Corp. and president and chairman of United Geophysical Co. Mr. Mudd is president and a director of Cyprus Mines Corp., Pima Mining Co., and Timber Products Co.

### Home Life Of New York

Charles A. Turner, assistant to the president, public relations, since 1956, has been appointed 2nd vice-president. He joined Home Life in 1950 and later was named manager of field service. In 1954, he became director of public relations.



Charles A. Turner

### General American

August A. Busch Jr., president and chairman of Anheuser-Busch Inc., and the St. Louis Cardinals baseball club, has been elected a director.

### Standard Of Oregon

Alexander Marshall has been named associate actuary. He is a fellow of Society of Actuaries and a member of the Actuarial Club of the Pacific States.

### Republic National Life



John F. Holt

John F. Holt has been named vice-president and associate general counsel of Republic National Life. Following graduation, he served as assistant district attorney of Dallas County, and later entered private practice as a member of a law firm specializing in insurance law. He is a member of the Dallas and American Bars and the State Bar of Texas. During World War II he served in the Navy as an aviation officer.

**CALIFORNIA LIFE** has appointed Friedrich A. vonBrincken assistant director of agencies. He was agency supervisor of Bankers Life of Iowa at San Francisco.

**CAPITOL LIFE** of Dever—Thomas S. Stein has been appointed superintendent of agencies. He has been with Massachusetts Mutual since 1953.

**GENERAL LIFE OF WISCONSIN** has appointed Fred G. Raymond vice-president of credit and group life. He was with North American L.&C.

**BALTIMORE LIFE** has elected Marlin W. Morgan vice-president and a director.

**APPALACHIAN NATIONAL LIFE** has appointed Alex McMillan III as general agent of the home office agency. He has been assistant manager of State Mutual Life.

**STANDARD SECURITY LIFE** of New York has appointed Dr. Harry E. Ungerleider medical director, Irwin T. Vanderhoof actuary, and Martin H. Tinsley accounting officer. Dr. Ungerleider was director of medical research of Equitable Society and a president of Assn. of Life Insurance

Medical Directors. Mr. Vanderhoof was with United State Life and Metropolitan Life in actuarial capacities, and Mr. Tinsley was with New York Life and Union Labor Life.

### Howard Named Editor Of LIAMA Magazines

James L. Howard Jr., staff editor of LIAMA, has been appointed editor of the association's quarterly publications, Manager's Magazine and District Management. Mr. Howard also edits Manager's Handbook and assists with other managerial and agent publications.

He is author or co-author of LIAMA texts "What You Should Know About Mutual Funds," "Face to Face," "Do You Fit into this Picture?" "Let's Do Something about Prospecting," and "How to Get the Most out of Your Income."

Before joining LIAMA in 1956, he was with a New York advertising agency, Travelers' public information and advertising department and public relations director for a Hartford bank.

### Massachusetts Mutual Individual Sales Up 8% In First Nine Months

Massachusetts Mutual's individual life sales for the first nine months were more than \$705 million, an 8% increase. Combined sales of individual and group in the period were nearly \$1 billion as group sales increased 33%. New group premium income rose 55% during the three quarters.

### Federal Life Installs IBM 650

Federal Life has installed an IBM 650 data processing machine to handle its regular life and A&S billing and accounting operations. The 650 is the company's latest step toward mechanization and improvement; the present conversion program is expected to take about 18 months.



## Beneficial THOUGHTS

"Life offers no higher pleasure than that of surmounting difficulties, passing from one step of success to another, forming new wishes and seeing them gratified.


He that labors in any great or laudable undertaking has his fatigue surmounted by hope, and afterward rewarded by joy."

Dr. S. Johnson

\* \* \*

Beneficial thoughts for those of us in the business of Life Insurance.

## BENEFICIAL LIFE

Insurance  Company  
Virgil H. Smith, Pres. Salt Lake City, Utah

## A new approach to your professional career

Build your own agency on the strong foundation of Central Standard Life's new career contract which offers:

- Renewals completely vested for the premium paying period of the policy, plus . . .
- All new A & S program.
- High value, low premium Life Plans.
- Top first year commissions.
- Liberal underwriting.
- Company sponsored education.
- Agent-Agency building philosophy.
- Tested, proven direct mail aids.

### Substantial Override for General Agents—

Build your own agency • Plan for your retirement  
Create an estate for your family

"The secret of success is Constancy to Purpose"

Our success has been achieved with our career men and women.

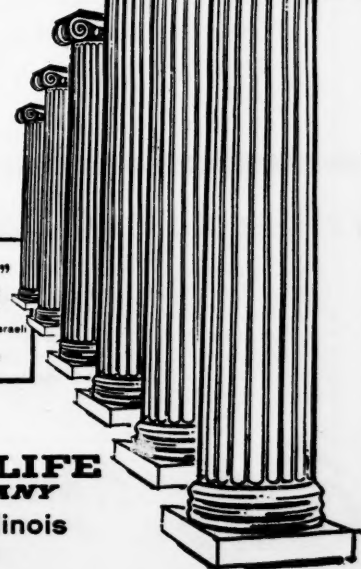
### See for yourself

Write or wire today for your "new approach" agent's kit. Get full details by contacting your local Central Standard General Agent or: John M. Laflin, Vice President and Agency Director.

**CENTRAL STANDARD LIFE**  
Founded in 1905 • INSURANCE COMPANY  
211 W. Wacker Drive Chicago 6, Illinois  
Life • Accident • Sickness



In Force: \$357,405,424  
Assets: \$107,284,880  
Surplus: \$14,591,874



## Changes In The Field

### Connecticut General

Creed L. Ford Jr. has been appointed manager at San Antonio to succeed William S. Abbey, who has retired as manager after 18 years with the company, but will continue in personal production.

Peter Torrey, manager at Phoenix,

has been named manager at San Francisco to succeed John V. Breisky, who has retired from his managerial duties and becomes a consultant in estate planning for Connecticut General. Mr. Torrey is succeeded at Phoenix by William J. Booher, former assistant manager at Boston.

District agencies at Oakland and

San Jose, Cal., formerly under the San Francisco agency, will now operate as separate branch agencies. Heading the new agencies will be Thomas S. Shea at Oakland and Richard D. Ellington at San Jose, who have been district managers in their respective cities.

### Connecticut Mutual Life

Robert E. Valle, supervisor at Syracuse since 1956, has been appointed general agent at Kansas City. He joined the Syracuse agency in 1950.

### Equitable Of Iowa

John T. Redman has been appointed manager at New Haven. He entered life insurance in 1952 with New York Life, and in 1954 he joined United Benefit Life, becoming sales director for Connecticut.



John T. Redman

### Bankers Life Of Iowa

Robert Click has been appointed Dallas group representative. He will work with Fred P. Gilbert, Dallas regional group manager. Mr. Click has been in sales with Dallas Blue Cross-Blue Shield for more than two years.

### Pilot Life

Elbert W. Lent has been appointed general agent at Baton Rouge. Since 1950, he has been division manager of Prudential.

### Colonial Life

Donald L. Lucas has been appointed resident superintendent for West Virginia and Kentucky, with headquarters at Huntington, W. Va. He entered the life business with Prudential at Charleston and in February was named general agent of Atlantic Life.



Donald L. Lucas

### New England Life

Promotions in the Geiger agency at New York include David Rose to assistant manager and director of sales training; George E. Audie and Marvin Schachter to directors of sales; Joseph V. Kehoe to pension manager; Martin C. Carey to brokerage manager; Clifford F. Daley to brokerage supervisor, and Roberta Meyer to statistical supervisor.

### Jefferson National

Louis A. Nowell Jr. has been appointed regional superintendent for Maryland, Virginia and the District of Columbia, with headquarters in Baltimore. He has been a general agent for Paul Revere-Massachusetts Protective and regional group manager for nationwide.



Louis A. Nowell Jr.

### Central Life, Ia.

William A. Lundquist has been named general agent at St. Paul. He was formerly an assistant superintendent of agencies for Lutheran Brotherhood.

American Mutual Life of Des Moines reports ordinary life business for September set a company record. Paid-for business was up 8% over the same month last year, and submitted business showed a 22% increase.

# SALES

# HORIZONS

# Unlimited

### Proposals on Request

In order to relieve our field force of the time-consuming and costly chore of calculating and preparing certain types of proposals, the home office is taking over the job for a nominal charge.

Under this plan the home office will prepare individually tabulated Split-Dollar and Premium Financed proposals based on predetermined column heads, at any applicable age, for any multiple of \$1,000 face amount.

Eight different types of proposals are available on O.L., Life to 65 and 10-Pay Life.

### Check-O-Matic

Monthly budget premium payment plan available. Makes premium payments automatic.

### Lower Female Premium Rates on Most Plans

Cash values and dividends are the same as for policies issued to men, even though the premiums are less.

### Buy-Sell, Split \$ and Programming Sales Films

A leader in the field of audio-visual sales presentations, National Life has available two prize-winning sound slide-films in full color. "A Tale of Three Businesses" tells the story of what could happen to a business in the absence of a buy-sell agreement. "The Most Wanted Man in America" sets the stage for a Split-Dollar sale. "A Man of Property" deals with the 5 basic needs. All three are proved sales makers.

### Tax Sheltered Annuities

A plan to create pensions for employees of certain non-profit organizations using tax-free dollars. Unusual sales kit available.

### Insured Insurability

This rider provides for the purchase of additional insurance without further evidence of insurability at policy anniversaries nearest insured's ages 25, 28, 31, 34, 37, 40.

### Dividend Term Option

Using dividend deposits to purchase one-year term insurance, this provision is designed primarily to provide additional insurance for the amount of cash value.

*Dividends referred to in this advertisement are based on our current scale. They are neither guarantees nor estimates, but are for illustrative purposes only and are subject to increases or decreases.*

### Gradation of Premiums

by size of policy — Quantity Discount Factors using the policy fee method applicable to all plans. Rates per thousand decrease as the amount of insurance increases.

### Low Net Cost

- Generally Reduced Premiums
- Reduced Premiums on Level Term Riders
- Reduced Premiums on ADB

The following table shows the effect of grading by size and our low net cost:

Comparison of Net Costs and Net Payments per \$1,000

PLAN	AGE	ITEM	\$5,000 POLICY	\$15,000 POLICY	\$25,000 POLICY
LIFE	35	10 yr. net pays.	\$204.69	\$195.36	\$193.49
MALE		10 yr. net cost	26.69	17.36	15.49
		20 yr. net pays.	367.32	348.65	344.92
		20 yr. net cost	-2.68	-21.35	-25.08
		prem. per \$1,000	24.57	23.64	23.45

### Pension and Profit-Sharing Plans

National Life's Annuity Builder Contract and Yearly Renewable Term Plan (guaranteed issue available in most cases) offers an entirely new concept, representing a far-reaching forward step in the entire field of Pension and Profit-Sharing Plans. Its flexibility and adaptability make it ideally suited to be tailored to special requirements.



## National Life Insurance Company

MONTPELIER • VERMONT

FOUNDED 1850

• PURELY MUTUAL



## Carroll Advises: Don't Fear For Industrial's Future

(CONTINUED FROM PAGE 17)

means all of them produce fatalities. It is, however, important to recognize that whatever damage has occurred is irreversible and represents a permanent loss.

Among the disorders which Mr. Wilson discussed were emphysema, bronchiectasis, chronic bronchitis, asthma, tuberculosis, pleurisy, and tumors.

Underwriters should concern themselves with three primary factors, he said. These are: How thoroughly is the disease healed? How extensive was it? How much time has elapsed since arrest?

A statement should be procured from the physician setting forth the date of diagnosis; whether the disease was minimal, moderately advanced, or far advanced; what treatment was employed; whether there has been any recurrence; whether there have been complications, and the date the disease was considered to be fully arrested, Mr. Wilson said.

### Gallagher Speaks

Robert R. Gallagher, associate actuary of North American Re, discussed "Underwriting the Guaranteed Insurability Benefit."

The agent can make a real contribution to good experience when the guaranteed insurability benefit is utilized, Mr. Gallagher stated. How the benefit is sold is important. If it is actively sold and is thereby included in a high proportion of policies in the eligible age range, experience can be expected to approximate that of an automatically included benefit.

The agent also has an important part to play in encouraging insured to buy the amount of additional insurance to which they are then entitled so that contemplated selection savings can be realized, the speaker suggested.

### Other Speakers Listed

Other speakers at the three-day convention included Lee G. Stephenson, sales director Nationwide Life, "Underwriting Procedures and Costs;" Frank T. Somers, associate underwriter Minnesota Mutual Life, "Special Risks and Avocations;" John B. Ulrey, assistant vice-president American United Life, "Underwriter Training;" James W. Hurt, assistant vice-president and claim manager Empire L. & A., "Underwriting Habits on Weekly Premium," and Francis E. Kavanaugh, assistant secretary John Hancock, "Comparison of Weekly Premium and Monthly Debit Underwriting Procedure."

Many and various case clinics were held and the final day featured a panel composed of Harry Cook, life underwriting manager Mutual Service Life; George C. Denny, underwriting secretary Berkshire Life; Ernest R. Ehresman, regional underwriting manager Lincoln National Life, and Arthur C. Kerin, selection director National Life. They discussed accidental death, waiver of premium, minimum deposit, and reconsideration of habits cases.

## Stock Dividend Voted By Protective Life Of Ala.

Directors of Protective Life of Alabama have voted to recommend to stockholders a 14.3% stock dividend, while, at the same time, calling a special stockholders meeting to con-

sider the recommendation on Feb. 18, date of the annual meeting. If approved, the dividend will be paid sometime in February.

Approval would result in an increased capitalization of \$500,000 and would bring total capital stock to \$4 million.

## General American Buys Two Buildings By HO

General American Life has purchased two buildings adjoining its home office and will remodel one for occupancy and raze the other for additional parking area. Purchase price of the properties and remodeling costs will amount to more than \$1 million.

The parking lot will be one of four the company maintains in St. Louis. The remodeled building will be used for storage and for leasing.

## State Mutual Life Extends Its Commission Rates To Issues Through Age 70

State Mutual Life has extended its regular commission rates to apply to all life policies with issue ages as high as age 70. Commissions on policies issued above age 70 will equal the same dollar amount as would be paid for a policy on the same plan and face value at issue age 70.

Formerly, State Mutual paid commissions on all policies with issue ages of 66 and over at the rate which would apply to issue age 65.

## Springfield Business Men To Honor Charles Becker

Charles E. Becker, president of Branklin Life, will be honored Nov. 13 by members of Springfield, Ill., business and civic organizations at a testimonial luncheon. The event will be in honor of Franklin's 75th anniversary and Mr. Becker's birthday and 20th anniversary as president of the company.

### Stern To Address Boston Agents

Benjamin L. Stern, New England Life, New York, will be the speaker at a luncheon of Boston Life Underwriters Assn., Nov. 19, in the charter room of New England Life's home office. Title of Mr. Stern's speech will be "Something Old—Something New."

### Ohio State Reports 9-Month Gains

Ohio State Life wrote \$48,846,500 of new business in the first three-quarters of 1959, an 11% increase over a similar period last year. Insurance in force for the first nine months amounted to \$468,964,300, a gain of \$33,146,900.

## And Everyone Knew But Him



William T. Beadles, third from left, one of the nation's leading insurance teachers, is shown admiring a silver tea service he was given in a surprise presentation by 70 CLUs, all former students of his. The service is engraved with the 70 names. The presentation took place at a meeting of Central Illinois CLU chapter. Others shown, from left, are Morris G. Fuller, president State Farm Life; Frank Figg, CLU chapter president and State Farm agent, and Davis W. Gregg, president American College. Mr. Gregg also presented Mr. Beadles with a certificate honoring his 20 years of insurance teaching.

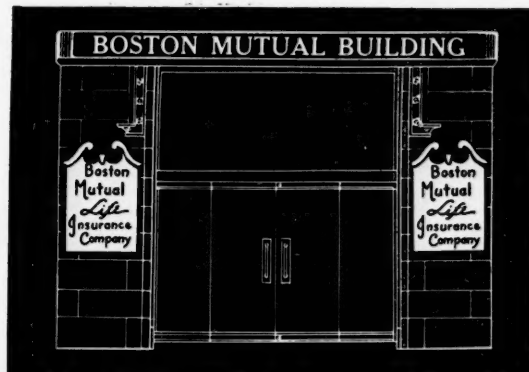
### Gerald Parker Is Guest On Radio

Gerald S. Parker, A&S secretary of Guardian Life, was a guest on the Fitzgerald show over New York radio station WOR. In an interview with Peggen Fitzgerald, Mr. Parker outlined the development of major medical insurance and gave several case histories from Guardian's files that illustrated the value of the coverage.

### Hancock Wins Report Award

A bronze "oscar" for having had the best 1959 annual report in the life insurance industry was awarded John Hancock by the business publication Financial World at the magazine's awards banquet in the Hotel Astor, New York. Second and third place winners, respectively, were State Mutual Life and Lincoln National Life.

a  
blend  
of  
**OLD**  
and  
**New**



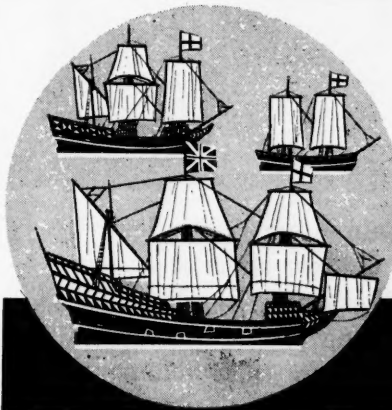
**BOSTON MUTUAL**  
LIFE INSURANCE COMPANY  
156 STUART STREET  
BOSTON 16, MASSACHUSETTS  
INCORPORATED 1891

Old in tradition and sense of responsibility—new in our progressive approach to the constantly changing needs of policyholders.

## RIDE THE RISING TIDE

And public acceptance of Atlantic's new GUARANTEED PURCHASE OPTION is a rising tide, lifting brokerage sales to unusual heights.

Inquire about this unusual rider, for more sales today—more sales tomorrow!



**Atlantic Life**  
INSURANCE COMPANY

HOME OFFICE  
RICHMOND, VIRGINIA

## Rennie Cites All Lines Selling Benefits

(CONTINUED FROM PAGE 4)

agent, Mr. Rennie said. Nevertheless, the percentage of policyholders who prefer the specialist is probably not sufficient to slow down the trend toward all lines insurance. It seems clear that the future of one stop shopping will depend more upon the relative costs of distribution under the various methods than upon policyholder preferences, per se.

Further evidence on the attitude of

policyholders toward one-stop shopping was gained when Nationwide asked them to indicate the number of agents from whom they have bought policies. One policyholder in three had purchased from one agent only; three out of five had bought from not more than two agents, and less than one in five had bought from more than three. Although the results might have been

different for surveys of people who

are not Nationwide policyholders, they do provide some evidence that the all lines producer has a significant potential among the mass market, Mr. Rennie observed.

### Agency Problems

He pointed out that property and casualty insurers are moving rapidly to acquire life affiliates. More than 100 insurance organizations are writing all major lines and generating at least 20% of the total premiums in life, property and casualty insurance. One of the reasons for this trend is the

need to generate sufficient income at the producer level to recruit and maintain an adequate agency force.

The future age composition of the population will make this job a challenging one for all insurers. Whereas the total population will increase almost 20% by 1970, the young adult male population between the ages of 25 and 45, from whom the business must recruit most of its agents, is expected to rise by only 3%. Obviously, productive manpower will be at a tremendous premium in the future.

The only feasible way to match the income opportunities offered by other industries is for insurers to provide agents with an all lines insurance portfolio which will meet the security needs of the average family. The merger of life and property-casualty lines will bring many problems. But Mr. Rennie is sure that it can also bring a clear breakthrough to new levels of well being for policyholders.

## Assistance to Our Field Force

4 out of 5 fathers  
need this

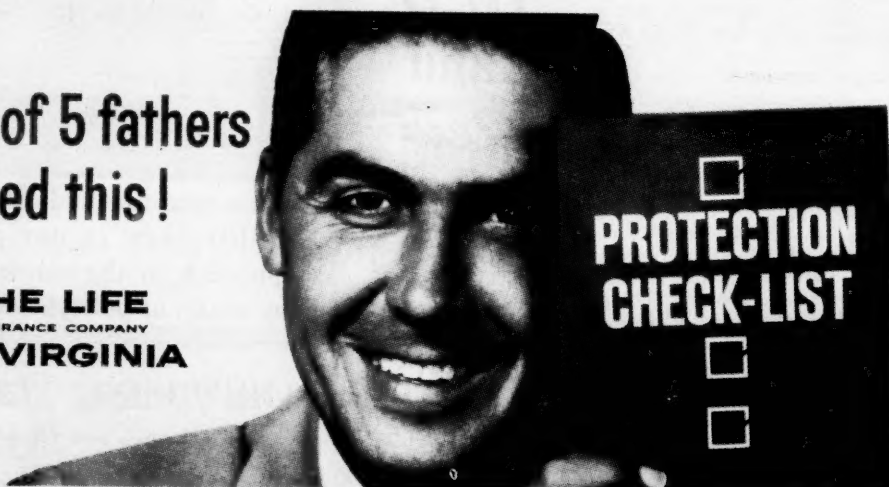
THE LIFE  
INSURANCE COMPANY  
OF VIRGINIA



When Life of Virginia introduced its new simplified programming approach with the Protection Check-List, the 24 sheet outdoor poster above appeared for a month's showing in some 120 cities and towns throughout the company's territory.

4 out of 5 fathers  
need this!

THE LIFE  
INSURANCE COMPANY  
OF VIRGINIA



The initial poster was followed by this one, again in some 120 cities and towns for a month's showing. Accompanying this outdoor advertising was newspaper and radio copy, direct mail, and sales literature. Results of the Protection Check-List sales promotion and advertising program combined with the enthusiastic support of the agency organization: sales volume up materially; average size of policies up substantially.

### Three Michigan Audiences Hear B. William Steinberg

B. William Steinberg, general agent of Massachusetts Mutual at New York, recently discussed various aspects of estate planning before three separate audiences during a visit to Michigan.

In a talk at the Michigan Agency Management Conference at Michigan State University, Mr. Steinberg urged the establishment of more agencies devoted exclusively to estate planning and advanced selling. He pointed out that although such agencies may take longer to reach full development, the rewards for everyone concerned—the agent, general agent and company—make the specialization worthwhile.

At a meeting of the Flint agency of Massachusetts Mutual, Mr. Steinberg reviewed programming methods and estate planning techniques which could be applied by any agent towards successful agency operation.

His address to Flint Estate Planning Council consisted of a review of estate planning as a profession in the past decade.

### Escheatment Law Study Group Set Up In Florida

An interim committee, set up by the Florida legislature to study a proposed law to escheat to the state all unclaimed funds held by banks, insurance companies and others, has been completed with the appointment of four members from the house.

The study committee was recently created after repeated attempts to get an escheatment bill through the legislature had failed. Principal opposition to the bills stemmed from the inclusion in them of a provision that would turn over to the state after a certain time all unclaimed insurance policy benefits.

Attorney General Ervin, who has urged escheatment bills in several legislative sessions, has estimated that an effective law would mean millions of dollars of added revenue for the state.

### Mutual Of New York Life Sales First Nine Months Are \$731,484,656

Total life sales of Mutual of New York during the first nine months of 1959 were \$731,484,656, a 16.1% increase. Individual life sales totaled \$582,191,323, including dividend additions; policies sold to members of professional groups amounted to \$71 million, and group life sales were \$778,000.



## Watt Relates Evils Of Forand Bill

Chicago Claim Assn. opened the 1959-60 season with a well attended and enthusiastic gathering which featured a stimulating discussion of the A&S picture by Paul W. Watt, president Washington National. Mr. Watt focused attention on the question of governmental supervision of insurance at the federal and state levels, and what can be done to prevent further encroachment by the government into the insurance business.

With reference to the Forand bill and its potential cost to the public, he offered the view that good judgment would seem to dictate a closer look at the effects of such legislation where it has been tried. England's national health service bill was enacted in 1948 with an original cost estimate of £130 million per year. Today it is costing £600 million per year. In another 10 years the program will result in an estimated annual bill of £1.4 billion—nearly \$4 billion—if it is allowed to continue on its present basis, and, to quote the London Express, "free medical care would bring England to the verge of penury."

### Saskatchewan Figures

Government hospitalization programs closer to home can be found in seven of the 10 Canadian provinces, he said. In Saskatchewan, after one year of operation, the cost has proved to be nearly half again as much as the original estimate. The latest figure is 23% of the general expenditures of the province—more than for education or for needed highways. In British Columbia, the annual cost of a plan adopted in 1949 has now tripled.

The cost of the Forand bill has been estimated by the Department of Health, Education and Welfare at just over \$1 billion for the first year. Insurance actuaries have estimated first year cost at twice that amount—\$2 billion. Then there are the taxation aspects. More government benefits mean increased taxes.

### Adverse Effects

There are other adverse effects, he said. In England, thousands are on waiting lists for admission to hospitals. There has developed a complete disregard for the convenience of patients. And only one voluntary hospital has been built there since the plan went into effect.

Other major differences favor voluntary health insurance over government insurance, he said. Voluntary insurance is written in many forms by many types of insurers, and provides a wide variety of benefits to suit the needs of individuals and families. Once an insurer devises a better method or a better benefit, competitors immediately adopt it and try to improve on it—and the public benefits.

On the other hand, a governmental system would necessarily have to provide a rigid pattern of benefits. Any changes or improvements in the program would come about only through slow legislative and political processes. And the pattern of benefits would remain the same for all.

"One of the fingerpointing wedges coming from certain areas concerns the aged," Mr. Watt said. He outlined some of the steps being taken by the industry in this field, pointing up the new issue of individual policies to older persons; the providing of health coverage which is paid up at 65; continuation of insurance on older persons, individually and under group

plans, and after retirement through group plans with employer contributions. A good estimate would be that more than 50% of the aged were covered at the end of 1957, he said. Some other good estimates are that 65% will be covered by the end of 1960, 80% by the end of 1965, and 90% by the end of 1970.

In addition, he said, private insurers are already doing or considering the following: Designing new policies to reduce or eliminate termination of coverage for deterioration of health; the use of substandard underwriting with rated premiums at renewal time; guaranteeing continuation of coverage but reserving the right to adjust premiums; extension of guaranteed renewable insurance, and experimentation in new fields of underwriting and coverage.

Critics of voluntary insurance lose sight of an all important fact, he said. Changes for the better are being made continually, but while this is done the companies must remain solvent, and reckless underwriting can easily result

## Regional Workshops Will Consider Many Topics At N. Y. Fall Delegates Meet

A variety of topics will be discussed at the fall delegates meeting of New York State Life Underwriters Assn. in the workshop sessions which, as in the past, are set up on a regional basis.

Among the subjects up for discussion when the workshops open at the Sheraton Inn, Binghamton, Nov. 13, will be the 1960 federal and state legislative program; unincorporated business tax problems; changes in the state association's constitution, and liaison activities. The workshops, in addition, will review the 1960 programs of local associations for competition in the \$50 Best Program Award recently announced by the state association.

Harry K. Gutmann, Mutual of New York, New York, the state association president, will deliver his report at the luncheon.

## Mutual Of N. Y. Raises Its Pension Interest Credits

Mutual of New York has raised from 3% to 4.5% its guaranteed initial interest rate on deposit administration funds and, at the same time, has reduced annuity purchase rates on all types of pension plans.

Reductions will vary according to ages. At age 45, for example, the reduction will be 12.5%.

Termination values have also been liberalized so that a greater percentage of employer premiums will be refunded than formerly, and at a higher interest.

## Prospecting For Agents Similar To Seeking Sales, Denver GAs Told

Prospecting for good agents is quite similar to the never-ending job of prospecting for personal production, Bernard Rosen, State Mutual, Denver, told members of Denver General Agents & Managers Assn. at the October meeting. "A wise job of prospecting on the part of the general agent or manager will result in less of a cancerous wasting away in agency production," he said. Knowing how to look for the right kind of agent will further the aims of management in building the agency to its full potential.

in insolvency—the surest way there is to get the government into the business.

"We should know and advertise the job being done by private health insurance," he said. More than 124 million Americans have some form of voluntary health insurance; in the past quarter century the volume has increased 30 times; in the past 10 years it has doubled. During the first six months of 1959 benefits paid under all A&S policies totaled \$1,445,000,000, an increase of 7.2% over the same period in 1958.

"In addition to improving its product, the insurance industry should direct much effort toward improving public relations through individuals, claim representatives and trade associations. We should let the public know what has been done, what is being done, and what the dangers are of governmental compulsory plans.

"The picture is not dark at all," he said. "We have problems, yes—but we shall always have problems, and we can meet them if we demonstrate by positive action that we are willing, able, and anxious to do the job."



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Ed joined Protective Life because it gave him the opportunity to live in Orlando, and because of his increased income earning potential. Since the move, Ed has almost doubled his earnings. During the first three months, he earned \$3,886.26 in commissions.

The MacEachons are happy in Orlando. Ed is happy in his association with Protective Life. The Company is pleased and proud to have Ed as a representative in the thriving Orlando vicinity.

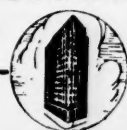
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BIRMINGHAM, ALABAMA

## Don't Cast Agent In Fiduciary Role, AALU Amicus Brief Urges

(CONTINUED FROM PAGE 1)

in the past, *Rishel vs Pacific Mutual Life*, 78 F. 2d 881 (10th Cir. 1935); *Hult vs Home Life of New York*, 213 Ia. 890, 240 N.W. 218 (1932); *Barkin vs Franklin Life*, 14 Ga. 666, 82 S.E. 60 (1914); *Hart vs Waldorf*, 177 Ga. 590, 43 S.E. 998 (1903), but would be a refusal to recognize the economic facts underlying insurance selling.

The life insurance industry, itself, clearly recognizes these facts. Appel-

lee could have procured no insurance without the underwriting approval of the insuring company, the New York Life Ins. Co. Irrespective of appellant's personal determination of the suitability of the insurance program to appellant's needs, the insurance was, and could only have been, issued after the insurer was independently satisfied as to that suitability.

This reviewing procedure is not

only an indication of the correctness for appellee of the insurance at bar, but graphically demonstrates the position of the life insurance agent in the insurance industry. There is full recognition by the industry that the agent's job is that of a salesman. If he were viewed as a fiduciary to the insured there would be no purpose in not allowing him to completely determine the suitability of the insurance

to the requirements of individual insured.

We submit that, because of the nature of an insurance agent's income, it would be unrealistic to require of him more than an honest and adequate presentation of the facts upon which the prospective insured can make a reasonable judgment. The developed law of misrepresentation in its requirements (viz., fraudulent misrepresentation, intention to induce reliance, and justifiable reliance) is completely adequate to the task. See Restatement of the Law of Torts (1938), sec. 525.

The insurance agent who suggests financing premium costs does take added responsibility upon his shoulders, and should unquestionably be held to that responsibility. It should be incumbent upon that agent to provide sufficiently accurate facts concerning financing methods and the adequacy of the cash surrender value as collateral so that a reasonable choice can be made by the prospective insured.

In analyzing those aspects of the appellant's conduct that are particularly relevant to the selling of financial life insurance, it is manifest that no duty of conduct was breached.

A. REQUEST THAT PLAN BE KEPT CONFIDENTIAL

Appellant requested that appellee not disclose the plan of insurance or the complex schedules to other insurance agents. The trial court held that in doing so appellee was restricted from receiving competent advice, and therefore was forced to rely completely upon appellant.

But appellant did not say, "You have to buy!" This was not the case of an attorney saying to a client, "You must do such and such, or I will disclose to the public unfavorable aspects of your affairs." This was a case of two adult people engaging in an arms-length business transaction. Appellant was in possession of insurance information which, he felt, would be of use to appellee. In return, he asked that appellee not disclose the information to other insurance agents.

Not Forced To Accept

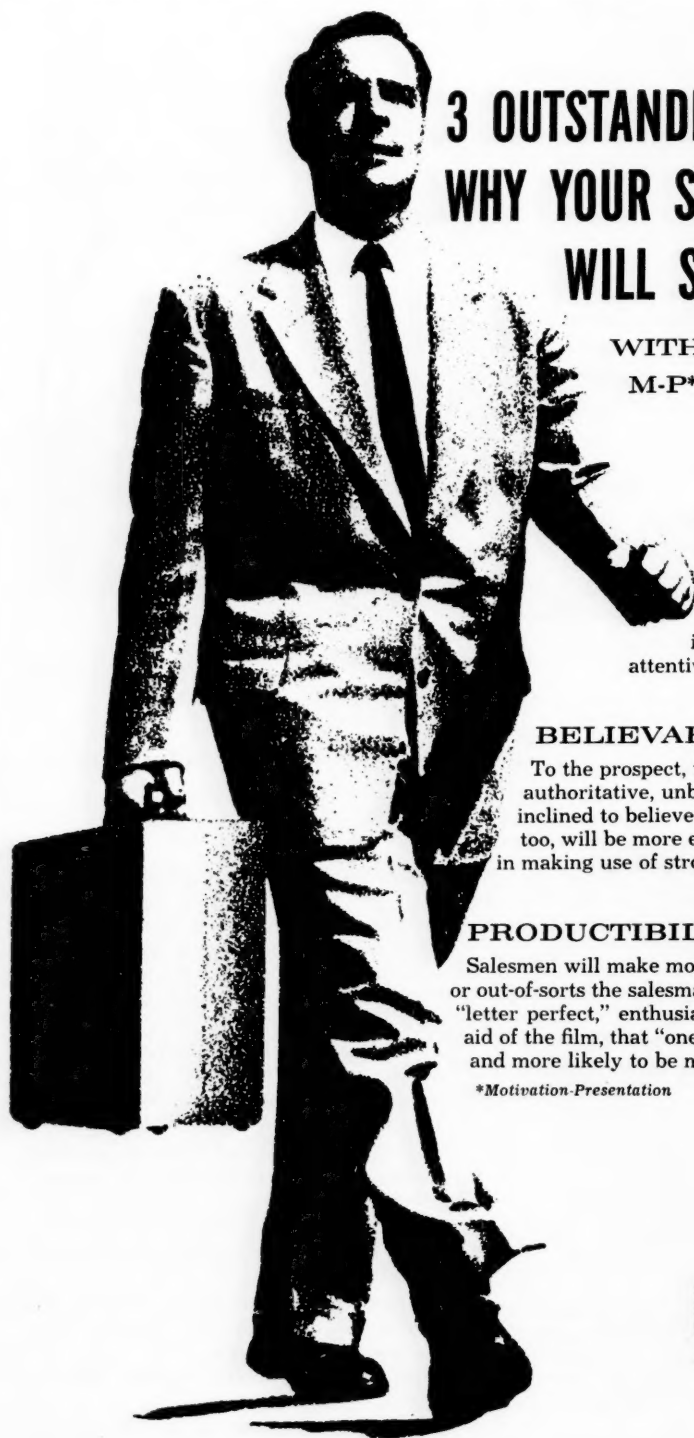
Appellee, a college graduate, was not forced to accept appellant's information. As a mature individual, held to standards of maturity, he accepted this requirement and should be accountable for it. He had no legal ob-

### Wis. Leaders Told Weak Points Of Stock Theory

Weak points in the theory that stocks are a hedge against inflation were cited by Davis W. Gregg, president of American College, at the fall meeting of Wisconsin Life Insurance Leaders Round Table at Milwaukee.

Among these were the possibility of an unwise choice of stocks for investment; stock prices climbing too high in relation to earnings, leading to a sharp drop in the market; and the uncertainties of future tax policy regarding the benefits of stock ownership.

Even if stocks were a guaranteed hedge against inflation, he said, financial counselors agree that an individual should have a balanced investment program involving both equities and fixed dollar type funds. It is the agent's job to use all his "persuasive might to advise people to speculate (in stocks) only after they have protected their life value assets with appropriate insurance and attained a reasonably balanced investment program," Mr. Gregg declared.



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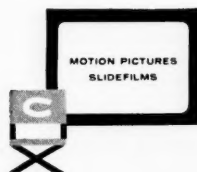
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moral right to receive information concerning the insurance program offered by appellant. In his desire to obtain it, he consciously, without duress, agreed to the restriction after a pattern of normal commercial bargaining. The financing of life insurance, while operating on a simple and ancient idea, differs from most credit arrangements in the complexity of the collateral. It is not every man or even every insurance agent who has had the training and experience to develop methods, whereby the financing can be accomplished while maintaining secure insurance protection. The appellant, in the conviction that he had developed such a method, was under no obligation to make it available to his competitors. Again, it should be noted that the case at bar is one in which competitive commercial forces are continually at play.

#### Many Experts Available

Appellant could have required that appellee take the insurance blindly, or not take it at all. Appellee would have been free to reject the insurance. Appellant could then be deemed guilty of no more than extremely poor salesmanship. But appellee was not, in any way, restricted from referring the complex schedules to legal, accounting and statistical analysis. He had a broad gamut of competent, professional advice available to him.

Appellant certainly should not be forced to mold his conduct to a standard in which he must make his entire skill and experience available to competitors. We are not here dealing with an international cartel or a national monopoly. Sellers of financed insurance should not be expected to capitulate hard earned competitive positions.

#### Role Of Dividends Noted

##### B. DIVIDEND PROJECTION

Appellant informed appellee that he would receive on the purchased policies certain annual payments, referred to in the insurance field as dividends. As these dividends would be received the annual cash outlay to carry the program would, of course, be reduced. This dividend feature is not essential to the advantages accruing when an insurance policy is financed. However, as the ultimate purpose of financing the policies is to obtain the maximum insurance for the minimum costs, it is obvious that any dividend payments received would further enhance the desirability of the entire financing arrangement.

In its findings of fact, the trial court determined that appellant's assertion, that the dividend "build-up" on the policies would enhance the suitability of the policies to the appellee, was false and fraudulent. If the trial court meant that the receipt of dividends had no bearing on the suitability of the program the court was obviously and plainly wrong. Any reduction in cash outlay enhances an insurance financing program.

The trial court might have meant that no dividends could be expected. If this is so, one searches in vain to support the contention. The latest published figures on dividend payments by leading life insurance companies in this country show increasing larger dividend payments over the years 1950 to 1959. See Life Insurance Court, pp. 57-60 (July 1959).

During this same period the New York Life Ins. Co., the insurer at bar, has shown a decided increase in dividend payments. In 1950 it was paying approximately \$3.50 per \$1,000 of life insurance coverage. In 1959 it was

paying almost \$8 in dividends on the same coverage. Id. at p. 59.

Thus, appellant was fully justified in his contentions relevant to dividend expectations.

#### C. INCOME TAX DEDUCTIBILITY OF INTEREST PAYMENTS

The trial court found that appellant's contention, that interest paid on the loan would be deductible for federal income tax purposes, was false as a representation of suitability of the insurance policies to appellee's needs. It is difficult to see how the court could support such a finding. At the time when appellant sold the policies to the appellee, interest was clearly a deduction in computing federal income taxes. Section 23(b) of the internal revenue code of 1939. Such interest is still clearly deductible. Section 163 of the internal revenue code of 1954, 26 U.S.C. sec. 163.

It is quite obvious that if part of the cost of any transaction is a tax deductible item, the taxpayer's income tax liability will be reduced. To the extent that appellee's income taxes were lessened by the deduction he received on the interest payments, his total outlay for the insurance program was likewise lessened. Logic irrefutably leads to the conclusion that the existence of the tax deduction enhanced the suitability of the insurance program offered by appellant by reducing its cost.

#### Congress Power Undisputed

It is true that Congress, in its discretion, can at any time eliminate the deduction. However, as late as 1958 Congress considered the advisability of continuing the interest deduction on financed insurance. After fully assessing the situation it was decided to continue the deduction. See statement of Sen. Williams, hearings on H.R. 8381 before the Senate committee on finance, 85th Cong., 2d Sess. 407 (1958).

Although future legislatures are not bound by prior statutory enactments, and Congress can change any facet of the internal revenue code, there is no indication that the interest deduction stands in greater danger than any other currently effective tax provision. In any event, there is no record of appellant's having stated that the interest deduction shall remain in force so long as appellee would be paying interest on his loans.

Sellers of financed insurance cannot be expected to forego bringing an advantageous aspect of their product to the attention of prospective insured. The interest deduction, as such an advantageous aspect, is a legitimate and usual sales aid. Mature business men do not ignore financial reality, nor should they be required to do so.

#### Would Damage Industry

IF APPELLANT IS HELD LIABLE AS A FIDUCIARY A RETROACTIVE RULE OF LAW WILL BE ENUNCIATED THAT WILL HAVE SEVERELY DAMAGING CONSEQUENCES ON THE LIFE INSURANCE INDUSTRY

Any decision of this court which does not clearly enunciate that the selling techniques of life insurance agents are within the normal standards set forth under the law of misrepresentation would have an immensely disturbing effect on the entire life insurance industry. The immediate effects in Hawaii would be to stultify the growth and development of new life insurance techniques. Throughout the remaining jurisdiction of the ninth circuit, and indeed throughout the entire United States, the same result

would occur in a more indirect fashion.

#### A. RETROSPECTIVE EFFECT

Up to the present there has been no indication that life insurance agents are fiduciaries to, or are in relationship of trust and confidence with, their customers. Not only sellers of financed insurance, but all sellers of insurance have been operating under the eminently reasonable supposition that they are salesmen, albeit salesmen of a complex commodity. If these salesmen are retroactively to be made fiduciaries, they will be open to an almost unmeasurable liability for past behavior. Conduct, which when performed, was completely unactionable, will now serve as the basis of a multiplicity of tort suits.

#### 'Unfairness Is Evident'

The unfairness of such a situation is evident upon its face. A rule of law which, without warning, will operate as the catalyst for the financial destruction of honest men, has no warrant in law or reason. If the court imposes a fiduciary standard, it will be engaging in retrospective legislation with disastrous and completely unsupportable results.

#### B. PROSPECT EFFECT

Standing alone and without reference to the remainder of life insurance coverage, financed insurance is a major American industry. Although figures are not available for the amount of policy loans made at the inception of insurance coverage, the use of life insurance as collateral, both at inception and throughout the existence of the policies, is widely undertaken. At the end of 1958 policy loans directly from the insurer totaled \$4.2 billion.

#### Double The 1948 Figure

This was double the figure for 1948. In the same period total life insurance outstanding increased by only 150%. In the course of a single year, 1958, policy loans increased by \$319 million. Furthermore, these policy loan

figures do not include loans made by banks and other financial institutions, for which cash surrender values provide the collateral. See Life Insurance Fact Book—1959, pp. 87-8, published by the Institute of Life Insurance.

A decision of this court which would tend to cripple this huge industry would be unwarranted. In addition, although financed insurance is extremely complex in some of its aspects, it differs from other life insurance plans only in the degree of complexity. Any decision in respect to financed insurance will affect all insurance.

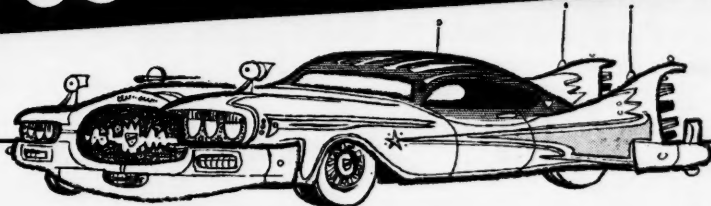
The life insurance industry requires, for its continued vitality, a climate of free competitive enterprise, and the promise of reward for initiative and progressive thinking. Antiquated methods of insurance protection will continue to linger so long as newer and more beneficial methods are not encouraged. The industry must have a continual infusion of young men with the intelligence to understand the complexities of the subject and with the ingenuity and imagination to mold those complexities to the best interests of adequate insurance protection.

If individual initiative is discouraged and a premium is placed on timidity, it will be impossible for the life insurance industry to recruit the type of young people who have historically supplied the imagination needed to keep insurance protection abreast of the sociological and psychological need for security. In short, a large and important segment of the dynamic aspects of the life insurance industry will atrophy. This could only have detrimental effects upon the social benefits wrought by life insurance, and should not be permitted to occur.

#### CONCLUSION

The law of misrepresentation, rather than the stricter standards of fiduciary obligation, should be utilized by the court in determining whether appellant's conduct in the case at bar constitutes the basis for liability.

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## Sees Pitfalls In One-Stop Sales Concept

(CONTINUED FROM PAGE 6)

common types of general lines to be placed in force by a telephone call to a producer who subsequently sends a bill to the client. These essential differences could be a source of much confusion and misunderstanding on the part of both the agent and the buyer, Mr. Andolsek believes.

The concept of an Equitable agent selling the complete line and securing a large clientele to place all insurance

business with him raises some interesting questions in the area of commissions, he continued. Life commissions follow the pattern of high first year, diminishing, reduced commissions in the following early years, followed by minimal renewal commissions. This recognizes that the initial sale involves a real selling job and that conservation efforts are frequently required in the early years. Property

and casualty lines, on the other hand, are characterized by level commissions. Mr. Andolsek sees no possibility of a uniform commission scale for all lines.

He wonders what will happen, to an agent's accounts when he dies. Someone will have to take over his accounts, primarily to service the general lines. No other agent is going to do it, unless at least the general lines commissions are diverted to him. If they are to be diverted by death, Mr. Andolsek said, the successful agent who has built up a number of good

accounts is going to figure out ways and means of transferring these general lines accounts under some arrangement which will avoid this result.

He visualizes a difficult problem in securing a proper staff for administering general lines claims. Since the life business is accustomed to dealing with insurance which provides for payment of specified amounts in claims, it does not have adjusters but rather investigators whose function is to develop the factual situation where necessary. Accordingly, a large part of claims personnel would have to be secured by raiding well established property-casualty companies. This would probably mean that the life company would have to pay a man substantially more than he is getting at present. Thus at the outset there would be added expense in getting into the business, making the competitive position more difficult.

### Other Considerations

From a broader viewpoint, the entry of a large life company into the property casualty field on a volume basis would involve the use of substantial surplus funds built up largely by present holders of life and annuity contracts of the life company, he noted.

There seems to be a reasonable unanimity on the part of recent writers and speakers that the acquisition of life companies by property-casualty companies has in a large measure been prompted by the stability and profitable operations of the life companies, which experience little fluctuations in underwriting gains over the years. Conversely the property-casualty companies have in recent years experienced substantial underwriting losses, primarily as a result of inflation. If these observations are correct, it would seem that the property-casualty companies might well consider the acquisition of life companies, but the very reasons which prompt this would suggest that a successful life company stay out of the property-casualty business, Mr. Andolsek said.

He added that since the laws of New York and other states now prevent the life company from acquiring a property-casualty company or doing a general lines business, his discussion was quite academic for the present. Nevertheless he left no doubt of his misgivings about the basic desirability of such maneuvers, should they become possible.

### Equitable Ordinary Sales Gain In September, Up 6.8% For 9 Months

Equitable Society's paid ordinary life business in September was more than \$137 million, an increase of 17.1% and a record. For the first nine months of 1959 ordinary sales gained 6.8%.

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## Jackson Cites 16 Improved Items In Texas Regulation

(CONTINUED FROM PAGE 14)

had an insolvency of any kind in the past year and a half."

"When we came upon the board, the liquidation division was in a state of confusion and inefficiency, with a serious question existing between us and the courts as to authority and responsibility," Mr. Jackson said. After some test cases in the supreme court, the law was clarified, recognizing the administrative control of the board over the liquidation division. That division is now well organized and properly functioning. He explained that the new board was confronted in 1957 with an accumulation of receiverships of many year's standing. Of 64 such receiverships, 40 have been closed.

### Two New Duties In 1957

Two important new duties were placed upon the board in 1957: first, the policy form approval law requiring the department to approve or disapprove policies in life and A&S. This law is in full operation and the department reviewed and approved or disapproved approximately 30,000 forms since 1957. Additionally, the deviation law requires approval or disapproval for deviations as to rates in fire and allied lines. "We have successfully performed under this law," Mr. Jackson said, "and have carefully scrutinized each application for deviation." Texas has greater rate authority than any other state, he observed.

The policing of the conduct of agents has been improved, he added. A number of licenses were cancelled after public hearings, and many illegal practices by agents are a thing of the past.

The board has reviewed the competence and fitness of the management of insurance companies, "which has brought about the elimination of promotional, inept or dishonest management in a number of instances, and has caused the departure of several unworthy individuals from the Texas insurance industry."

With no increase in maintenance assessments or fees, the board has saved from its operating funds and deposited to the credit of the state building commission \$1,750,000, the full amount authorized for a new insurance building exclusively for the board of insurance, with approximately 70,000 square feet. It should be completed and occupied in about 18 months.

### Made Comprehensive Revision

The board has made a comprehensive revision of the rules and rates governing credit insurance, "eliminating the use of this form of insurance as a cloak for usury," and resulting in savings to Texas policyholders estimated at \$8 million or more per year.

Mr. Jackson said the department has made "prompt rate revisions, either upward or downward, as the need indicated," in fire and casualty. This year fire rates were reduced more than \$6 million and automobile more than \$22 million.

The Texas safe driving automobile insurance plan, has just been promulgated, applying to all companies and to all risks eligible under the family automobile policy. In effect this is a sub-classification plan, whereby premiums will be determined in accordance with driving records, both as to accidents and moving traffic viola-

## Slichter Stresses Investment Aspects, Need For More PR

(CONTINUED FROM PAGE 2)

year exceeded \$47.6 billion, group \$12.2 billion, and industrial \$7 billion. Those are sizable numbers, but perhaps more significant figure both from the industry's and the country's standpoint is the amount of protection per family compared to disposable income per family. Average protection per family at \$8,800 increased about 6% in 1958, and amounts to better than 1.5 times family disposable income of \$5,600.

Assets at \$107.5 billion increased by about 5.5%. The assets of our industry are large because they reflect the savings efforts of 112 million people.

### Asset Growth Noted

As a matter of fact, our asset growth is at about the same rate as gross national product. In other words, as a gatherer of savings for investment, and as a supplier of capital, we are just about holding our own with the expansion in the economy. That may sound reasonably satisfactory to some within our industry, but the fact of the matter is our rate of growth in assets has slowed down markedly compared to the earlier decades of the century, excluding of course the dismal 1920s. Here is the record: Percentage gain in assets 1900-1909, 128%; 1910-1919, 86%; 1920-1929, 157%; 1930-1939, 67%; 1940-1949, 104%; 1950-1958, 80%.

What is the significance of this slowdown in asset growth? Before answering that question let's look at the percentage gain by decades in total insurance in force: 1900-1909, 98%; 1910-1919, 133%; 1920-1929, 187%; 1930-1939, 11%; 1940-1949, 93% and 1950-1958, 137%. These rates of growth crisply point up a fact which you are well aware of: The protection features of our life insurance contacts for receiving either more sales effort or sales response than the savings-investment features. I suspect it is both. As an industry we have pushed hard for the easier sale. We have done a fairly good job of convincing people they should provide financial indemnity for their families, but we have done only a mediocre job in persuading people to save money and direct their savings into the best all-around medium there is: Life insurance.

### Content With Large Volume?

This is not news to you and maybe neither you nor your company is concerned. Perhaps you are content with large volume sales whether it's term or group. I am not, for the very simple and blunt reason that I believe that the life contract that combines both protection and savings investment is so important to the individual, and to our economy too, that its sale is worthy of our best thinking and energetic

tions during the past three years. This will result in a 20% reduction for about 57% of Texas drivers, said Mr. Jackson. Premiums will increase according to driving records to 100% surcharge.

The department is presently engaged in a study looking toward the promulgation of a complete and systematic set of rules and regulations regarding mutual assessment companies in the life and A&S field, of which there are 700 presently doing business in Texas.

memo to home  
office executives

## One Good Way To Keep Good Agents Happy

We believe a good agent is happiest with the company best able to accept all the business he has worked hard to get. No company likes to turn business away, or disappoint its producers, by rejecting substandard applications. And it's often unnecessary, because many "borderline" cases can be successfully written, if the company gets the right underwriting help and gets it in time. This is precisely what North American Reassurance Company provides.

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action. To persuade an individual to embark upon a sensible, sure and adequate personal financial program that will safeguard his family against financial disaster and himself against poverty and dependence, is truly a great and rewarding achievement. Difficult, yes, of course, because all important accomplishments require superior talent and skill, and it takes real selling ability to persuade people to channel some of their personal income away from satisfying and pleasant spending on tangibles and services—that extra fancy car, or a glass fiber boat, or plush vacations in Hawaii. Our industry has always required selling ability of the highest order. It requires persuasive talents that stem first from strong and sincere convictions and second from knowledge and technical competence.

#### Asks Investment Question

This discussion of the slowing down of asset growth constitutes that background for my second question which is an investment question. **Have we sold out to the other fellow's propaganda?**

I have spent much of my life in the investment side of the life insurance business. I certainly mean no disrespect of the sales end when I say that I don't think anybody has yet solved the problems of presenting life insurance as an investment. There have been some great contributions, such as that of Albert Linton, but we are still lacking a method of telling the life insurance investment story in a simple, effective and popular way that will do real justice to its merits. One problem is that life insurance is not an investment in the generally understood sense of that word, yet we are always forced to make our comparisons in the generally understood terms. And when we go to the artificial device of trying to divide a life insurance policy into component parts, such as the risk and investment elements, we don't tell the story either, because, unlike bonds or stocks, the whole of life insurance is so much greater than the sum of its parts. What we have is a hybrid something or other providing for multi-lateral realization of a man's greatest asset, the investment of his family, of his friends, of society, and of his own life's endeavors in himself. The elements are guaranteed results, always-available cash value, strong diversification, prompt professional reinvestment of interest and dividend income, variety of nonforfeiture provisions, accumulation benefits, unique mathematics of interest income compounded at good rates. An impressive list. Is it good sales copy? I am afraid not.

#### Compounding The Problem

Compounding this problem, I wonder if some of the forces of the past several decades—low interest rates, for example, plus the glamor of rising stock prices—have not lessened our sales confidence and punch? The investment record of our industry is good. Indeed, the record of some companies is outstanding. Because our assets are made up of fixed dollar investments does not mean that they inadequately meet current and probable future conditions. Let's review events for a moment.

The dismal and stagnant 1930s pro-

duced few investment opportunities for savings dollars. Business concerns were not expanding. Most managements were busy strengthening organizations, and manufacturing and distributing facilities that had been jolted and severely shaken by the economic storms. Common stocks had been on a steep and bumpy toboggan slide. The supply of savings dollars in life insurance companies, in other institutions and in the hands of individuals exceeded by a large margin the demand for capital funds. Interest rates, the rental cost of money, dropped, with the result that the investment income and the rate of return of life companies also declined sharply in the decade ending in 1939. The war economy that followed was not a free economy in any major respect. Housing and most areas of construction were completely stopped. Consumer goods were rationed and prices were regulated, including the cost of long-term money to the Treasury. Interest rates were artificially low, with the result that rate of return earned by our industry, as you recall, dropped to below 3%. We who were then laboring in the investment departments of life insurance companies had little cheerful news or encouraging results to report to our friends in the field who were selling our product in the 1940s. To be sure, post war we were supplying necessary capital dollars for American industry to expand, and thus provide better jobs, more housing, schools and highways. These savings dollars were functioning efficiently and effectively, but they received low wages due to the artificially low interest rate policy of the federal reserve. The U. S. Treasury bond market was "pegged" by the buying activities of the federal reserve, thereby adding further pressure to the inflationary forces that were already stirred up for release in our post-war economy.

#### Sen. Douglas's Committee

Sen. Douglas's committee in 1950 in its report to Congress pointed out clearly that holding down the yield and supporting the prices of U.S. government bonds weakened the federal reserve's ability to use vigorously a restrictive monetary policy as an anti-inflationary measure. Market support upon the part of the federal reserve was gradually removed in 1951 and since then, with but few exceptions, the Federal Reserve Bank has not attempted, through its buying activity, to peg or fix the price and yield of long-term U.S. Treasury issues. Interest rates have since 1951 again reflected the interplay of the forces of demand and supply. Rates in the past eight years, both short term and long, have moved up and swung down, but the trend over this period has been basically upward. The yield on long-term, good quality corporate bonds have moved from under 3% in 1951 to over 5% today. Individuals, business concerns and public bodies have expanded their respective needs for capital dollars, demand has been strong and savers have benefited through the increase in interest rates.

#### Results Are Good

Our investment results have improved substantially, but have we made present and potential policyholders aware of this important fact? As an industry we have increased our return since the low point in 1947 from 2.93% to 3.85%. That's a gain of over 30%, and a number of companies have produced gains of about 50% in yield. I see no reason why life insurance is only mildly and infrequently mentioned when investment results are

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discussed either by professionals or by the millions of people who save. Is it because we have not recovered from the defeatist thinking of the 1930s and 1940s?

Of course the stock market and mutual funds and other forms of investment will from time to time attract attention, and divert action upon the part of some; any experienced financial counselor recognizes there is a time and place for investments of this character. However, we know that nine out of every ten bread-winning male adults need our kind of investment program first, and need a program built up to an amount that adequately protects and soundly indemnifies current and prospective income. Our product, life insurance, should form both the foundation and basic structure of practically all individual investment programs. Other investment superstructures can be later erected upon our structure, but this should not be done until the life insurance program has been firmly established.

#### Interest Rate Levels

I have mentioned that interest rate levels in recent years have enabled life insurance companies again to produce superior investment results. Many companies this year are investing current funds at yields of better than 5%, and some companies are obtaining yields on new mortgage and security purchases of over 5.5%. Contrast this with yields on good stocks of less than 3%. Even if this dividend yield of 3% is increased each year by a growth factor of 10%—a liberal assumption—it will take about eight years before a 5.5% rate is reached! I obviously am not attempting to give the comparison between stocks and bonds in all its details. But the fact is that the yield relationship between stocks and bonds has completely reversed within the last decade. We must be alive to this and not understate our case on the basis of facts that are more than 10 years old. Our sales people can point out with enthusiasm and confidence the sound and satisfactory investment results we are obtaining. Current rates are above a year ago, and of course can swing back to those levels, depending upon general business conditions. I do not expect, however, to see rates again approach the low levels of the late 1940s unless they are driven down by political action. Why? Simply because there are so many important jobs for capital dollars to do in this country.

#### Speaking Loud Enough?

Do we speak loud enough in the market place at the institutional level? This question, again, is a lot easier to ask than to answer. The tax bill? We were too busy arguing among ourselves. Inflation? The institute program has been a notable one. Publicly and privately most of us have gotten on the record in one way or another, but I suppose all of us wonder whether we have adequately dramatized the stake in stable prices of our hundreds of thousands of present and prospective beneficiaries. Frankly, I cannot answer this question as it relates to inflation.

But let me carry these general questions a bit further, leading to another area of broad national policy. How many of our policyholders are aware of and have any understanding of the highly important debate that has been going on in Washington during the past three months? Although this controversy concerns indirectly every

American and directly every owner of a life insurance policy, it has received little public explanation in prominent newspaper coverage. Indeed, the stock market has gathered more headlines in this past three month period than the debate I speak of. And our own industry has been singularly silent in this discussion; we have been quite uncommunicative with both the public and our own policyholders.

#### Controversy In Congress

I refer to the controversy that has been going on in Congress over the President's request to remove the statutory interest rate ceiling on savings bonds which is 3.26% and on long term U. S. Treasury bonds which is 4.15%. The ceiling rates were uncompetitive and the Treasury was blocked by these restrictive rates from carrying out orderly debt financing operations.

On June 8th President Eisenhower sent a special message to Congress asking for the prompt removal of the interest ceilings on savings and Treasury bond issues. Why? For the simple reason that individual savers found they could do better in a free and competitive market in investing their savings; other opportunities provided returns of 0.5% to over 1% above the government interest rate ceilings. Savers were doing much better elsewhere and it was therefore impossible for the Treasury to stimulate the sale of its own savings bonds. The rates offered were too low and were unacceptable to informed buyers.

#### Treasury's Situation Outlined

The Treasury found itself in the same situation relative to its long term bonds. Its outstanding bonds have been selling at yields close to or above the 4.25% ceiling rate established in World War I. The Treasury has been blocked from competing for funds in the long term market by this obsolete requirement. Congress after months of expensive delay in September recognized the necessity of changing the interest rate on the savings bonds and authorized moving the ceiling rate from 3.26% to 4.25%. During the second quarter of the year, while the congressional debate was going on, savers cashed in over \$500 million more bonds than they bought. Congress failed to act however on the 4.25% ceiling on long term bonds. It not only did not act, but some of the "liberal" members of the House and Senate have in debate and hearings offered proposals to control the price and yield of U.S. Treasury securities by Federal Reserve Bank buying, thereby destroying the free market for these securities.

#### An Artificial Market

This type of artificial market support took place in the 1940s and was discontinued in 1951 following the release of a special report made by the sub-committee of the Joint Economic Committee headed by Sen. Douglas. The market support action of the federal reserve held interest rates down to very low levels. The effect of controlled markets on the inventive to save, on stimulating inflationary forces and on credit expansion is all part of this question. It is a complicated one, unexciting and difficult to interpret and communicate to the public. In fact it is almost impossible to arouse much attention and discussion upon the part of the savers.

Controlled markets, as opposed to free markets, whether securities or commodities such as wheat, create highly artificial conditions relative to true supply and demand. Once started, there is also always the temptation to

continue indefinitely the expensive buying operations and it is difficult to again restore free market conditions without inflecting sharp and wide price changes in securities.

The technical arguments advanced by some members of Congress seem to brush aside completely the basic concept that savers, like all other members of the community, are entitled to a fair and equitable compensation. Markets should not therefore be "rigged" against this important group of thrifty individuals.

#### SEC's Rules Cited

As a matter of fact the rules and regulations of the Securities & Exchange Commission are specifically designed to prevent this kind of manipulation in the corporate bond and stock markets. Do we not have the right to expect that our servant, the government, will not do what others are not permitted to do? This is both a moral and economic question.

Urging the federal reserve to buy U. S. Treasury bonds, as some members of Congress have done, disturbs many people because this kind of action ignores the need to enlarge and

broaden the investment market for U. S. securities and thus stimulate savings and increase the number of people saving. Pegged markets discourage savings and limit the size of the market and destroy its ability to reflect true demand-supply relationships.

We who represent the largest single group of savers are particularly concerned. Whether or not our own companies will be large buyers of U.S. Treasury bonds is not the question. The Treasury must attract and maintain savings dollar buying of its securities by offering them from time to time on competitive yields. In so doing the entire savings process will be stimulated and that is important.

We need more savers and we need more savings dollars, not less. It's through savings that our economy can be supplied with the necessary capital dollars each year to make growth and gains in living standards possible. To the extent that it needs a share in the country's savings dollars the U.S. Treasury should not be prevented from competing on the same basis as other seekers of capital.

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and vocal in discussing his own wage or salary situation. Congress has protected him with a minimum wage law. Taft-Hartley and the recently enacted labor legislation give each worker important rights and protection. Most of these people are also, of course, savers. It's through their sacrifice and thrift that we have most of our capital for business and housing. Why then do so many politicians always talk about grasping "Wall Street," banks, money changers, exorbitant interest rates, and the poor downtrodden borrower? Who receives this rent money called interest? Millions of small people in this country. Why does the politician beat his breast for the farmer, and the small business man and the factory worker and forget all about the saver, who is not only all these, but the clerk, doctor, lawyer, school teacher, preacher, indeed almost everyone? This banker-Wall Street cliché is meaningless and as out-of-date as a stove pipe silk hat.

### Same As Cutting Wages

I happen to work for over one million savers and few if any of them on Wall Street. They live all over this country and by and large they are people of modest means. They are hard working and they deserve good pay and they receive it; they are thrifty and within our company these million people have saved about \$4,000 each. When Congressmen talk of using artificial market action to force down interest rates during highly active business periods, they propose to cut the wages on savings. Cutting wages is known to reduce work output, and so it is with savings. Cut the rate, force it down below levels produced by demand-supply factors, and the supply of savings will diminish.

### How To Interest Congress?

How can we interest Congress in the problem of increasing both the number of savers and the amount saved? How can we interest savers, whose dollars make up our respective companies' assets, in some of the important things Congress is doing and not doing?

I firmly believe, as I have earlier said, that ordinary life insurance has strong investment merit. We can with enthusiasm and conscience push its sales to the public. We must also, however, improve both the public's and Congress's understanding of the savings function and of who the country's savers are. Here indeed is a never-ending problem in communication and public relations.

### Pru Converting 100-Year Loans To Shorter Terms

Prudential has begun converting its outstanding 100-year industrial loans into shorter-term ones. The company said the move is being made in view of the current outlook for continued high levels of interest rates on long-term debt.

The conversion program will permit Prudential to reinvest funds regained at anticipated higher interest rates.

The company explained that conversion privileges occur at different times for each loan and in most cases will result in 25-year sinking fund notes.

The first loan to be converted under the new program will be a 100-year loan to Union Carbide Corp., of which Prudential and Metropolitan Life each hold \$150 million, 3 3/4% notes.

Both companies have exercised their option to convert these notes, effective Nov. 2, into 25-year 3 1/2% sinking fund notes.

## IAAHU Board Revives Black Cat Week And Forand Legislation Fear

Black Cat week is being revived by International Assn. of A&H Underwriters, and the board is having literature prepared for the week ending May 13, the only Friday the 13th in 1960.

Membership in the Black Cat Club is open to agents who write 13 or more A&S policies during the week. Qualification for 13 years will constitute life membership. Agents will receive their instructions through kits, and a Hoodoo News will be published.

In other action during its 2-day meeting, the board approved the Waldorf Astoria Hotel as the 1961 convention site of IAAHU.

### Concerned Over Cash Sickness Laws

The board expressed concern over the possible spread of cash sickness laws, which now pay as high as \$6 a week in New York.

President Oakley Baskin, Mutual Benefit H.&A., Buffalo, warned that the Forand bill will undoubtedly pass unless there is a "flood of protest" to legislators. He urged zone chairmen to recommend to local associations that they list legislators in their districts so that members may contact them.

Even more dangerous than the Forand bill is the infiltration of the Canadian nationalized hospitalization system into the U.S., according to Richard Michaels, Federal L.&C., Buffalo. "What happens on one side of the border has a tendency to happen on the other side sooner or later," he declared.

Visits to Canada indicate to him, he said, that the average Canadian is delighted with the new system, which completely hides the true cost of hospitalization. "Many Canadians in border areas work in the U.S.," he pointed out, "and they are constantly 'talking up' the system to Americans."

### Force 40% Premium Increase

Mr. Michaels reported also that the Metcalf bills in New York force a 40% premium increase on private enterprise insurance companies while exempting Blue Cross. "You can imagine what this price advantage means in competition," he said.

Managing Director Bruce Gifford reported that A&S agents are not employed under the terms of the social security act. The executive committee, he noted, had considered this and had decided the status quo is a blessing not a burden.

### Would-Be Qualifiers For National Quality Awards Have Only Two Months Left

Presidents of local associations of NALU have been reminded that only two months remain for members to achieve qualifying credits for the 1960 National Quality Award. The reminder was a letter from Ellen M. Putnam, National Life of Vermont, Rochester, N. Y., chairman of NALU quality business committee.

Miss Putnam suggested that local association presidents advise members the following:

—Agents wishing to qualify for the award should submit applications in January. Application blanks will appear in the December issue of Life Association News.

—Dues for qualifiers must be received at NALU headquarters by April 15.



## Ways Delineated To Retain Manpower

(CONTINUED FROM PAGE 1)

should organize the agency to take detail work off the agents.

He must be a good salesman. He must be able to set the sales example for his men and constantly improve his sales ability in order to be able to help the men improve theirs.

He must be a leader. "You must go on before your men. You must be a starter. You must be able to do what you ask your men to do. A boss knows how a job should be done; a leader shows how it is done."

Mr. Jordan also gave high praise to pre-contract training, citing his own retention statistics before and after starting such training in his agency. Turnover has been sharply cut.

### Advocates Golden Rule

At the banquet, which was held the first evening, Frank Maher, vice-president John Hancock, spoke on "Management, a Privilege and a Responsibility." In agency management the golden rule is more important than the slide rule he declared, and urged management men present to "get committed to success. There is no virtue in mediocrity. But always hold in mind that you cannot plead if the words come from your lips alone."

The Friday sessions opened with J. Smith Ferebee, Equitable Society manager at Richmond, Va., speaking on management for the retention of manpower and business through quality selection and extraordinary motivation. He gave five reasons for turnover: bad selection; low early production; improper financing; proselyting; and lack of inspiration, perspiration, and motivation.

### Says Tell Truth

Life underwriting is a long-time business, he pointed out. There is no place in recruiting for prevarication. "Tell the truth about the long pull; and if you tell it to enough men, you'll get sound recruits." He said his agency will not hire a man unless he signs a promise to stick it out two years, regardless of how hard the going is. Also, he will not hire a man who will not, at the time of hiring, add a \$10,000 policy on himself, regardless of how much he already owns. "Then show him, step-by-step how the policy is processed," Mr. Ferebee urged. "It's the best kind of training."

The next speaker urged management men to get into A&S, both to spread the coverage and reduce the number of people who look to the government for benefits. A. T. Everett, 2nd vice-president, Prudential, stated a belief that the social good calls for all companies to be in A&S.

### A&S Recruiting Tool

"Individual A&S has proved a powerful recruiting device," he stated. "It helps keep good men in the business, increases average earnings, and provides good financial help. It helps make up the decline in life premium volume, and it levels off the valleys in the older agents' production curves. New agents can detect A&S sales situations faster than they can life."

Turning to the threat of government interference in the health insurance field, particularly through the Rand bill, he pointed out that the cost of socialized health insurance is always far more than estimated—four times as much in England," he reported. He also noted that the liabilities under the present social security act in the U.S. are now \$100 billion more than the national debt.

"Merchandise A&S as a responsibility, or the government will take over," he warned.

"Management for the Retention of Manpower and Business Through a Look Within—Ourselves, Our Supervisors, and Our Associates" was the title of the talk by E. Clare Weber, New England Life general agent at Cleveland. He declared that he runs his agency on "abiding faith and persistent effort." In life insurance selling, one deals with ideas, he declared. Therefore, for the man with imagination, there is no finer job, and the opportunities are unlimited.

### Volume Doesn't Mean Progress

Mr. Weber said he has lost all respect for volume as a measurement of progress or achievement. "Volume can blind the agent to the objective of service—can lose the substance while grasping for the shadow."

Mr. Rutherford declared that just as lapses are spawned at the time of the sale, so turnover is spawned at the time of recruitment. Men coming into the business should understand four things:

The job calls for understanding, appreciation, and willingness; only the man who is "right with the world" can make a success of it; only the man who will do his level best every day, the man with the will to win, can succeed, and the job calls for a man who can control himself.

Mr. Rutherford also lashed out at volume. "Volume means nothing," he charged. "I want men who are making money. Give me men making money, and you'll automatically get volume." He added that too many men in the business are "nicely educated as to product but not as to people. A clerk can work out proposals; but it takes a salesman to get the prospect to act."

"Retention of Manpower and Business Through the H.R. Factor," was handled by K. P. Dowd, educational director, Phoenix Mutual. He made a lively presentation filled with colorful verbal illustrations of his points and two skits that drove home still other points.

"H.R. stands for Human Relations," he explained. "That's the routine, everyday association the general agent has with other people through the written and spoken word and through action. This is a business of personal relations. Skill in H.R. must keep pace with product and automation. H.R. is a job that cannot be delegated."

Walter Gastil, Connecticut General Life general agent at Los Angeles and immediate past president of GAMC, spoke on management for retention through right agency management attitudes.

### No Improvement In 20 Years

"Our selection, supervision, and training have not measurably improved in 20 years despite all our literature on the subjects, our meetings, our discussions," he charged. "Much of the trouble is that we have lost our way in the trend to staff operation. We have delegated and relegated away personal leadership and responsibility. Managers tend to claim all the successes of the agency while blaming the failures on staff."

"You cannot delegate, relegate, or abdicate the responsibility to recruit, train, and motivate. That's the job of the manager himself and only the manager. They are his excuse for being. Men come with you because of you.

Nobody can substitute for you," he warned. "Remember that a supervisor is an apprentice. Don't delegate the important job of training to an apprentice. If you need help, get it in the area of administrative work, not for the vital functions of recruiting, training, and supervising."

Friday evening was devoted to the traditional reception for all registrants by General Agents & Managers Assn. of Indianapolis, conference sponsors, a dinner dance, and an hour of popular and light-opera choral entertainment by the Singing Secretaries of the Perfect Circle Corp. There were several special events for wives, about 70 of whom attended.

## Regulation 39 Curbs Minimum Deposit Ills

(CONTINUED FROM PAGE 1)

a high early cash value policy, about 70% of the first year gross premium at the time of buying his policy. But after "justifying" this policy form as prescribed by the actuarial bureau standards, the first year cash value was reduced by \$8 per \$1,000, so that the first year cash value represented only about 40% of the first year gross premium.

### No Loans In First Year

Moreover, a policy provision was added which prohibited any loans during the first policy year.

The language of regulation 39 and the actuarial bureau standards make it clear that the regulation is aimed only at minimum deposit abuses and discriminatory high early cash value contracts and not at such differences as whether a "special" policy has a full-reserve cash and loan value at the end of the seventh year, for example, while the general run of the same company's policies do not have a full-reserve cash and loan values until the end of the 10th year.

## Nw National Ups Dividend

Directors of Northwestern National Life have voted to increase the semi-annual dividend to 90 cents a share. The company has been paying 75 cents. The dividend will be payable Nov. 11 to stock of record Oct. 30.

## Conventions

- Nov. 9-11, Society of Actuaries, annual, Greenbrier, White Sulphur Springs, W. Va.
- Nov. 9-12, LIAMA, annual, Queen Elizabeth Hotel, Montreal.
- Nov. 12-13, New York Life Underwriters Assn., fall delegate meeting, Sheraton Inn, Birmingham.
- Nov. 16-18, Health Insurance Assn., individual insurance forum, Biltmore Hotel, New York.
- Nov. 30-Dec. 4, National Assn. of Insurance Commissioners, winter meeting, Fontainebleau and Eden Roc Hotels, Miami Beach, Fla.
- Dec. 7-8, Assn. of Life Insurance Counsel, annual, Waldorf Astoria Hotel, New York.
- Dec. 8, Institute of Life Insurance, annual, Waldorf Astoria Hotel, New York.
- Dec. 9-10, Life Insurance Assn. of America, annual, Waldorf Astoria Hotel, New York.
- Dec. 27-30, American Assn. of University Teachers of Insurance, annual, Washington Hotel, Washington, D. C.

### 1960

- Feb. 15, Insurance Economics Society, executive committee, Drake Hotel, Chicago.
- Feb. 19-20, New York Life Underwriters, general agents & managers conference, Queensbury Hotel, Glens Falls.
- Texas Tri-City Sales Congress, Feb. 25, Dallas; Feb. 26, San Antonio, Feb. 27, Houston.
- March 14-16, Life Insurance Agency Management Assn., agency management conference, Royal York Hotel, Toronto, Canada.
- March 20-24, National Assn. of Life Underwriters, midyear, Louisville.
- April 11-13, Life Insurance Agency Management Assn., accident & sickness meeting, Edgewater Beach Hotel, Chicago.

## Conn. General Begins Novel Aid Program For Colleges, Universities

Connecticut General has inaugurated a novel program of financial assistance to privately supported colleges and universities which is designed to replace the educational institutions' investment in graduates who are presently career employees of the company.

According to Frazar B. Wilde, president of Connecticut General, the program takes into account the fact that tuition fees do not cover the full costs of a student's college studies. An average college spends some \$1,000 a student each year, or a total of \$4,000 for each graduate, beyond what the graduate himself has paid for his education. This balance is made up from endowment income, and deprives the college of such income. The Connecticut General program, Mr. Wilde said, will help restore the income from this investment.

### \$160 Per Year, Per Employee

The grant, offered without restriction as to use, will equal the earnings from \$4,000 at an interest rate of 4%, or \$160, and will go to colleges in the name of each graduate who is a career employee of the company.

Any college graduate who has been a salaried employee of Connecticut General for 10 years or more is considered a career employee. The company plans to make the grant each year for as long as the employee remains with Connecticut General.

In its first year, the program will provide grants to 55 colleges and universities. Amounts of the grants will vary according to the number of graduates employed by Connecticut General.

### 35 Grants In First Year

In addition to the direct grants, the company will match in an equal amount gifts made by salaried employees with at least one year of service. The gifts may be made to any accredited privately supported four-year college or university of the employee's choice.

## Pru Needn't Pay Dividend If Policy Doesn't Earn It

NEWARK—The New Jersey superior court has ruled that Prudential is not obliged to pay dividends on paid-up policies that do not contribute anything to surplus because of Prudential's position to surplus.

Prudential's position was that the policies were issued at a very low premium rates when the company was earning more on its investments than today and are in a class from which no contributions are accruing that can be paid out as dividends.

## New Wisconsin Handbook Published

A new Underwriters Handbook of Wisconsin has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Wisconsin handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.



## "Mother and baby doing fine"

Wonderful progress has been made in protecting the lives of mothers and babies. In the last decade alone, maternal death rates have been reduced by 75 percent.

Never before has childbirth been so safe—thanks to excellent prenatal care and improved obstetrical techniques.

Equally important, some 95 percent of today's babies are born in our hospitals—where most birth emergencies can be handled promptly and effectively.

**Information for expectant mothers:** If your health is good—if you have no family history of diabetes, kidney, heart or other serious diseases—the chances are excellent that no major complications will occur before your baby's arrival.

However, for your own and your baby's welfare, your physician may suggest these safeguards if your condition is normal:

**1. Eat a variety of foods.** Your baby will be no stronger or sturdier than the building materials your diet provides. For you and your baby, a varied diet is best.

It should include a quart of milk daily to meet the baby's needs for calcium. Meat, fish, fruits, vegetables, at least one egg a day, bread, cereals and a moderate amount of butter are recommended.

**2. Watch your weight.** Too much weight strains the heart and other organs. Normal increase is 16 to 20 pounds. Your doctor will decide how much you should gain.

**3. Get needed rest and exercise.** Walking is one of the best exercises and it's usually all right to play golf and dance in the middle months of pregnancy.

Get plenty of sleep and at least an hour of relaxation every afternoon.

**4. Keep in touch with your doctor.** It may

comfort you to know that no serious problem develops during pregnancy without a warning signal. Your doctor can foresee and act to avoid difficulties—if he's consulted early and as often as necessary.

**5. Take care of your teeth.** Have your dentist clean your teeth and do whatever repair work is necessary.

**6. Make your hospital reservation early.** The maternity wards of most hospitals are crowded nowadays. The sooner you make your reservation, the better.

Take a calm, happy, confident attitude toward pregnancy. It is, after all, a natural event and a proper frame of mind helps to encourage an easy delivery.

Never before has there been a year like 1959—when birth is so free of risk, so likely to turn out happily for you, your baby and your husband.

### Metropolitan Life

INSURANCE COMPANY

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THE LIGHT  
THAT  
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